FINANCIAL TIMES

No. 28,528

PUBLISHED IN LONDON AND FRANKFURT

Thursday July 23 1981 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pts 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 35p; MALTA 25c

NEWS SUMMARY

GENERAL

Girl of 11 in dock at the Old Bailey

An 11-year-old girl and her 4-year-old brother appeared in the dock at the Old Bailey yesterday charged with stealing a iced bun and doughnut in a case brought by the supermarket chain International Stores. But the judge ordered their release after the prosecution offered no evidence.

The girl is believed to be the youngest-ever defendant to appear at the central criminal court. The Lord Chancellor was urged by a Labour MP to investigate the case "as a matter of urgency."

Lords defeat

Rebel Toray peers defeated the Government on the committee stage of the Nationality Bill by voting to give Gibraltarians British citizenship. Page 8

Iran alliance

Iran's ex-president Bani-Sadr was said in Tehran to have endorsed an alliance with the Mojahedin guerrilla group in opposition to the ruling clergy.

Severn barrage

The Government has been told that a £5.6bn scheme to build a barrage across the Severn estuary to generate electricity is feasible. Back Page

ICI jobs at risk

Unions said that some 750 scientists' jobs at ICI could be at risk after the group's decision to rationalise its heavy chemicals research sector. Page 4

Tax warning

Commons select committee warned that tax evasion, which costs Britain £4bn in lost revenue, is in danger of becoming socially acceptable. Pag e8

Two shot dead

Gunmen shot dead two people in a shipping office in Piraeus, Greece, and more than 70 were injured when a bomb wrecked the building.

Honeymoon plans

Government said the decision of King Juan Carlos of Spain to snub the Royal Wedding would not affect the couple's plan to start their honeymoon in Gibraltar.

Soviet aircrash

The Soviet Union said an unidentified aircraft penetrated its airspace from Iran on Saturday and collided with a Soviet plane over Armenia.

Turk given life

Turkish terrorist Mehmet Ali Agca who admitted shooting Pope John Paul on May 13 was sentenced to life imprisonment by a Rome court.

Geneva blast

A bomb exploded in Geneva's main rail station, the fourth blast in a Swiss city since Sunday. Armenian terrorists claimed the earlier bombs.

Sacking demand

Black leaders in riot-hit Toxteth demanded the sacking of Merseyside Chief Constable Ken Oxford when they met Environment Secretary Michael Heseltine.

Hospital blunder

A senior health official was demoted after mix-ups at a Midlands hospital. In one, a boy suffering an ear complaint was given a stomach operation.

Briefly...

Widow of executed Premier Zulfikar Ali Bhutto was released from Karachi prison.

Two Hungarian border guards sought political asylum in Austria.

Tennis star Martina Navratilova gained U.S. citizenship after a -year wait.

BUSINESS

Gilts rally; Gold up $4

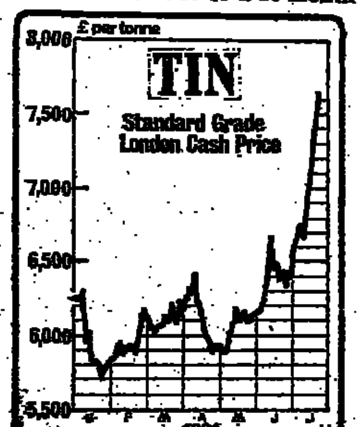
● GILTS rallied strongly from 4½-year lows, with mediums and longs gaining up to 1¼. The Government Securities index added 0.69 at 63.81. Page 34

● EQUITIES followed Gilts, with leaders closing at the day's best. The FT 30-Share index put on 4.8 at 517.0. Page 34

● DOLLAR was easier. It slipped to DM 2.441 (DM 2.4695), FFr 5.7975 (FFr 5.857) and SwFr 2.1 (SwFr 2.116), but rose to Y234.5 (Y234.4). Its Bank of England index was down at 111.6 (111.9). Page 25
Yen's fall "excessive." Page 3

● STERLING rose 1.5 cents to \$1.8605 and advanced from SwFr 3.905 to SwFr 3.91, but was lower at DM 4.545 (DM 4.56)) and FFr 10.785 (FFr 10.805). Its trade-weighted index was 91.8, up 0.1. Page 25

● TIN continued firmer. Cash tin advanced £185 to a 15-month



high of £7,655 a tonne, a rise of £965 in seven days. Page 33

● GOLD rose $4 in London to $411. In New York the July Comex close was $406.6. Page 25

● WALL STREET was off 2.48 at 931.98 before the close. Page 32

● BP attacked British Gas's monopoly over gas supplies, saying prices appeared to discriminate against industrial users. Page 6

● THE MACHINE tool industry is producing at "starvation levels" and will keep declining unless the Government reverses the freeze on capital spending, the industry head warned. Page 7

● INTERNATIONAL BANKS agreed proposals for rescheduling Poland's commercial bank debt. These will go to the Polish Government. Back Page

● TURKISH inflation rate in the first half of this year was 14.4 per cent, down from 61.4 per cent in the same period last year.

● HIRE PURCHASE came to Communist China. Shanghai shops were permitted to take payment in instalments for imported TV sets.

● EXXON, the world's biggest oil company, reported second-quarter net income up 77 per cent at $1.83bn (£984m), largely because of dollar strength. Page 22

● CHRYSLER reported a $11.6m (£6.2m) net profit for the quarter to end June, the troubled U.S. car maker's first quarter in the black for 2½ years. Back Page

● MITSUBISHI, Japan's biggest trading house, reported consolidated net profits down 2.3 per cent to Y41.08bn (£95m) in the year to March. Page 24

● OFREX directors halted stock market dealings in the office supplies company's shares. An announcement was expected. Its 1980 profits were down by more than half at £2.5m.

● ALLIED TEXTILE Companies' turnover and pre-tax profits were almost unchanged for the six months to March 31, £14.71m and £1.28m respectively. Page 19

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 9½pc 1983	£93¼	+ 1
Treas. 11¼pc '03-07	£79	+ 1⅜
Aeronautical Gen.	390	+ 10
British Sugar	328	+ 13
...th (G. M.)	120	+ 6
...nar Booth	81	+ 4
...xo	370	+ 6
...ndiays Bank	232	+ 14
...nl. Paint	198	+ 15
... Land	129	+ 8
...thews (B.)	145	+ 18
...T	380	+ 10
...e. Rentals	385	+ 7
Thorn EMI	450	+ 10
Western Board Mills	148	+ 6
Whitbread A	167	+ 5
BP	302	+ 8
Swan Resources	89	+ 4

FALLS

Albion	13	− 4
Arbuthnot Latham	275	− 10
Arlington Motor	99	− 16
Bowater	248	− 6
British Land	93	− 4
Dowty	256	− 21
Hogg Robinson	108	− 6
Staveley Inds.	228	− 7
Trust Securities	328	− 25
McLeod Russel	275	− 13
Seltrust A	70	− 10

U.S. sharply critical as Israel builds up forces in Lebanon

BY IHSAN HIJAZI IN BEIRUT AND DAVID LENNON IN TEL AVIV

ISRAEL HAS reinforced its lines of heavy artillery, tanks and other armoured vehicles in southern Lebanon, United Nations observers said yesterday.

The build-up came as Mr Philip Habib, President Reagan's special envoy, continued his efforts to arrange a halt in the fighting between Israeli forces and the Palestine Liberation Organisaton. There are increasing signs of U.S. anxiety about Israel's attacks which continued yesterday on PLO positions in Lebanon.

A UN official in Beirut reported "an increased presence of Israeli armour and artillery" during the past 24 hours in the border enclave controlled by Israel's Christian allies.

Mr Habib had an hour of talks yesterday morning with President Elias Sarkis of Lebanon and Prime Minister Chafik Wazzan. The American envoy later left for Saudi Arabia. There was no immediate indication that he had made any progress. His role as a mediator is severely limited by the American refusal to have any direct dealings with the PLO.

Mr Yassir Arafat, the PLO chairman, repeated his promise that the guerrillas would cease their rocket attacks on northern Israel if Mr Begin agreed to halt the raids on Palestinian positions.

Mr Caspar Weinberger, the U.S. Defence Secretary, in the strongest statement so far by an American official, said that the Israeli air attack on the Iraqi nuclear reactor in June and the bombing of Beirut last week had set back the "whole course of security and peace."

Mr Weinberger said in a television interview that Mr Habib "came very close to securing a reasonable set of peace terms just about the time the Iraqi reactor was bombed.

"The nhe was starting to make very good progress, assisted by Saudi Arabia and other moderate Arab nations and then Beirut was bombed."

Mr Weinberger said the U.S. Administration had delayed indefinitely the delivery of 10 F-16 aircraft to Israel because of the situation in Lebanon.

Mr Menahem Begin, Israel's Prime Minister, yesterday toured northern Israeli towns amid shell and rocket fire and repeated his election pledge made two months ago that he would free the area from Palestinian attacks.

Mr Mordechai Zippori, the deputy Defence Minister, warned that if the Lebanese authorities failed to curb the Palestinians, "then the Israeli army will."

Hinting at a possible large land invasion, Mr Zippori said Israel would have to consider what further action it should take. As he spoke, Israeli jets, gunboats and artillery again struck at Palestinian targets in southern Lebanon.

An auxiliary bridge near Qassemieh over the Litani river was bombed. The main bridge had been destroyed during raids last Thursday.

Lebanese radio said that Israeli aircraft destroyed part of the Trans-Arabian pipeline (Tapline) which carries Saudi crude to the Zahrani refinery.

Mr Yitzhak Rabin, the former Israeli Prime Minister, warned yesterday that while a land drive to push the Palestinians further from the northern border was the only way to safeguard local settlements, such an operation could cause enormous difficulties.

Mr Begin has also come in for press criticism with the Jerusalem Post vigorously attacking "Israel's arrogant, obtuse policy" towards Lebanon.

U.S. economy moves abruptly into reverse

BY DAVID BUCHAN IN WASHINGTON

THE U.S. economy shifted abrptly into reverse in the second quarter of this year. Real gross national product fell at an annual rate of 1.9 per cent in April-June after an 8.6 per cent annual surge in growth in the first quarter, the Government reported yesterday.

The decline confounded official forecasters who had predicted three months with no growth, but it brought with it heartening news about inflation.

Falling energy costs and stable food prices pushed inflation down to an annual 6 per cent rate of increase in the second quarter, as measured by the implicit price deflator. This compared with 9.8 per cent in the first three months of the year.

The Reagan Administration claimed it was not surprised by the dip in the economy. Mr Larry Speakes, a White House spokesman, said: "The possibility of a soft period in the middle of the year" had always been forecast. Now that it had materialised, it reinforced the need for Congress to pass the Reagan economic programme as a stimulus.

Mr Malcolm Baldridge, the Commerce secretary, was gloomier, however.

"We're in for a couple of tough quarters," he told a press conference.

He left it to economists to gauge whether this might constitute a recession, Mr Baldrige added.

Two successive quarterly GNP declines are commonly taken as definition of a recession.

The Commerce Secretary attacked the Carter Administration for excessively stimulating the economy in the last half of 1980, causing inevitable retrenchment now.

"I expect no significant pickup in economic activity until late in the year or early 1982," he went on. Until inflation was really subdued, sustained growth, "rather than the pogo-stick path of recent years," was impossible, he said.

The better inflation news was taken as evidence that the tight money policy of the Federal Reserve Board, the U.S. central bank, was working. But the GNP decline in April-June also showed the impact of high U.S. interest rates on the domestic front.

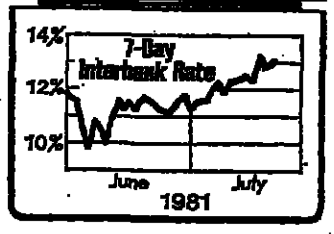
A Government economist said the decline was "very broad-based." High interest rates depressed sales of new cars, although the impact on car production was not great because dealer and Government inventories of cars rose. Spending on house building and business investment fell sharply during the second quarter too.

U.S. interest rate levels were a prime topic at this week's economic summit in Ottawa. European leaders complained in particular that they caused an outflow of capital to the U.S., interest rate increases in their own countries, and a rise in the effective cost of their imported oil because of the strength of the U.S. dollar.

The GNP fall surprised Government forecasters who had earlier predicted that second-quarter 1981 would show no growth. But the figure is only preliminary and could be revised up or down.

Last week the Reagan Administration produced its mid-year forecast, which revised its earlier prediction of a 1.1 per cent real growth this year to 2.6 per cent.

This was based mainly on the growth surge in the first quarter. However, at the same time it scaled down its GNP growth forecast for 1982 from 4.2 per cent to 3.4 per cent.



Financial markets in confusion

By Peter Riddell, Economics Correspondent

THE FINANCIAL markets in London remain in a highly confused state. The balancing act over sterling and short-term interest rates shows no signs of being immediately resolved.

Sterling yesterday recovered slightly against the dollar—gaining 1.5 cents by the London close to $1.8605.

Interest rates in the London money markets continued to rise, however, intensifying the pressure on the clearing banks to raise their base lending rates. They appear reluctant to do so, partly for political reasons, although a rise in the cost of overdrafts is unavoidable unless money rates fall.

Prices of long-dated gilts rose rose up to £1¾ and shorts gained £1, reversing part of the recent fall. There appears to have been some buying attracted by 16 per cent yields on some stocks

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£ in New York

	July 21	Previous
Spot	\$1.8520-8540	\$1.8540-8555
1 month	0.88-0.89 pm	0.80-0.87 pm
3 months	2.30-2.40 pm	2.08-2.18 pm
12 months	5.70-5.90 pm	5.20-5.40pm

Irish PM postpones talks with Thatcher

BY STEWART DALBY IN DUBLIN AND RICHARD EVANS IN LONDON

DR GARRET FITGERALD, the Irish Prime Minister, has postponed a visit to London this month for talks with Mrs Margaret Thatcher, after what appears to be a deterioration in Anglo-Irish relatons over the Ulster hunger strikers.

The Irish Government is also expectedto recall Mr Eamon Kennedy, its ambassador to London, for talks if Mr Wieran Doherty, now in the 62nd day of his hunger strike at the Maze prison, dies. Mr Doherty was elected an MP in last month's general election in Ireland.

At Westminster it was announced that the writ for the by-election in Fermanagh and South Tyrone in Northern Ireland, the seat won by Mr Bobby Sands who died after a hunger strike lasting 66 days in the Maze will be moved in the Commons next week.

Dr FitzGerald's postponement of his London visit—which may not even take place in September—means the joint studies between senior civil servants about new institutional structures and areas of mutual interest have been indefinitely shelved. These studies were started by Mr Charles Haughey, the previous prime minister, after talks with Mrs Thatcher

The Irish Government believes that the hunger strikes are having a seriously destabilising effect on Ireland's political life and have been handled insensitively by the British Government.

If Mr Doherty dies the fear in the Irish Government is that Mr Patrick Agnew, the other Maze prisoner elected to the Dail, will resign his seat, thus causing two new by-elections.

Should Fianna Fail, the main opposition party, win these seats, the coalition's slender majority would be wiped out.

The writ for the Fermanagh by-election is to be moved by two backbenchers—Mr Dafydd Elis Thomas, the Welsh Nationalist MP for Merioneth, and Mr Ernie Roerts, the Labour MP for Hackney North and Stoke Newington.

The Government had not been anxious for an early by-election because of the propaganda platform it would give the IRA. But ministers are unlikely to oppose the move which will mean polling will take place on Thursday August 20.

After the death of Bobby Sands legislation was passed at Westminster banning convicted criminals from standing for Parliament, so there is no prospect of another IRA hunger striker being elected.

The National H-Blocks Committee has picked Mr Owen Carron who acted as the election agent for Sands as its candidate, and the Official Unionist Party has selected Mr Kenneth Maginnis, a local councillor from Dungannon, County Tyrone. It is not yet clear which other parties will decide to contest the election.

Mr Elis Thomas said yesterday that Mr Francis Pym, Leader of the House, had assured him the Government would not use its majority to block the moving of the writ, expected to take place next Tuesday. If a division is forced by other MPs, the Government will allow a free vote.

● The Labour Party national executive yesterday voted to drop a clause in its policy statement on Northern Ireland calling for a referendum in the province on a future Labour government's commitment to the unification of Ireland. The document now simply calls for "consent" among the people of Northern Ireland, but does not specify how this is to be ascertained.

The policy statement is expected to meet opposition from trade unionists, in particular the Transport and General Workers Union which has a substantial Northern Ireland Protestant membership, and may be defeated at the party's annual conference in the autumn.

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State sells British Sugar stake

BY JOHN MOORE

THE GOVERNMENT sold its 24.17 per cent stake in British Sugar Corporation yesterday, raising a total of over £44m. About 150 City of London institutions—insurance companies, unit trust groups, pension funds and other major investors—bought the 14.5m shares held by the Government in the sugar producer.

S. and W. Berisford, the commodity trader which mounted an unsuccessful £200m takeover bid for British Sugar earlier this year, acquired a further 2 per cent in the sugar producer yesterday and has now built up its stake to over 40 per cent. Under the rules of the Takeover Code, Berisford cannot bid for British Sugar for another year, although it was allowed to acquire up to an extra 2 per cent of the company.

Berisford took advantage of the opportunity. The activity in British Sugar where buyers of the Government stake paid 305p per share, produced a sharp movement yesterday. The group's shares rose 13p to 328p in trading on the London stock market.

Berisford is likely to seek board representation at the sugar corporation. The commodity trader said last night that it "would be surprised if a shareholder with 40 per cent were not to be offered board representation. After all, the Government with a 24 per cent stake was entitled to three directors on the board."

Berisford said its participation in the placing "had helped get the stock away at a good price." The placing of the Government's stake had been under consideration for some time but, according to Lazard Brothers, merchant banking advisers to the Government in this affair, "the wheel started turning a week or so ago."

Shortly after 9 am yesterday morning the stock market jobbers were contacted to alert them to the moves. By 9.30 stockbrokers, Cazenove, leading the placing, W. Greenwell, brokers to Berisford and Rowe and Pitman, brokers to British Sugar, contacted a range of institutions to arrange the deals. By 11 am most of the operation was completed.

Because Berisford was buying 2 per cent, Lazards, pursuing what it described as an "even handed policy," allowed 2 per cent of British Sugar shares to be placed with investors sympathetic to British Sugar's opposition to the Berisford bid.

Some 2 per cent of the British Sugar equity went to funds under the management of J. Henry Schroder Wagg, the merchant bank advising British Sugar.

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Nypro to close Flixborough

BY SUE CAMERON, CHEMICALS CORRESPONDENT

FLIXBOROUGH, the chemical plant rebuilt at a cost of £35m after the 1974 explosion in which 28 people lost their lives, is to close with the loss of 365 jobs.

Nypro UK, said yesterday it was being forced to shut the plant near Scunthorpe, Humberside because of the loss of its major customers—the UK-based Courtaulds, and British Enkalon, which is part of the Dutch-based Akzo group.

Fears about the future of the Flixborough plant—which has the capacity to produce 65,000 tonnes a year of caprolactam for use in the making of nylon yarn—were raised earlier this year when Courtaulds pulled out of the nylon yarn business.

In January, British Enkalon warned that it might close its nylon yarn operation at Antrim in Northern Ireland. The company confirmed shutdown plans a week ago.

The British Enkalon move sounded the death knell for Nypro's Flixborough plant.

Nypro, which is jointly owned by the National Coal Board and the Dutch-based DSM, said yesterday that it had started clearing chemicals from the site. It planned to begin mothballing the plant—cleaning it, covering open pipes, removing any delicate machinery and taking other preventative measures against corrosion—in the near future. A final decision on the future of the plant still has to be taken.

Nypro said the possibility of converting the plant so it can produce some more saleable chemical than caprolactam has not been ruled out. The company hoped to "have the plant put to bed" by October. Most of the employees would probably have gone by then also.

DSM, which has a 50 per cent stake in Nypro, has caprolactam capacity of its own in The Netherlands.

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EUROPEAN NEWS

Breakthrough in EEC budget payments dispute

BY LARRY KLINGER IN BRUSSELS

MEASURES DESIGNED to end the impasse over delayed contributions to the European Community budget by some EEC nations were agreed last night by member states, MEPs and Brussels Commission officials. They should allow discussions to begin today on the Community's 1982 budget.

The EEC's 10 Budget Ministers agreed in consultation with a high level delegation from the European Parliament on a proposed budget revision for this year providing overall savings of £107.6m, roughly in line with the payments being withheld by West Germany, France and Belgium.

The object is to satisfy the three countries who are withholding payments, to provide extra money for regional policy aid as demanded by Parliament and further shift total budgetary spending away from the common agricultural policy which at present accounts for more than 60 per cent of the budget.

Parliament is expected to accept the compromise, thereby ensuring that the budget revisions can be approved on a First Reading in September. This would allow the Budget Ministers to begin negotiating the details of the 1982 budget.

West Germany, France and Belgium have refused to pay their full contributions to the extra spending approved by the European Parliament at the end of last year.

The proposed budget revisions will cut the money available for agriculture price guarantees by more than $286m and increase funds for regional policy and food aid by about £165m. With other adjustments, the net saving is about £107.6m, aagainst the £16.5m originally proposed by the Commission.

Budget may spark winter unrest in Irish industry

BY STEWART DALBY IN DUBLIN

IRELAND could face the prospect of a winter of industrial unrest after approval yesterday of the Government's supplementary budget.

Mr John Bruton, the Finance Minister, said in the budget debate that the Government intends to "freeze" pay for the country's 300,000 public sector workers—about 30 per cent of the total work force, excluding farmers.

The public sector pay bill was expected to increase by 25 per cent this year, including certain payments already made under an 18-month agreement reached earlier with most public sector employees.

The Government is now trying to hold the overall pay increase this year to well below the 25 per cent figure, and trade unions are already angry about the failure earlier this year to win a cost-of-living increase over and above the pay award under the 18-month agreement.

Mr Charles Haughey, the former Prime Minister, yesterday condemned the budget, saying it was a "premature panic-reaction, which will undermine confidence and seriously set back recovery to the economy, which is just emerging."

He accused the coalition of following "Thatcherite monetarist policies."

● The Irish Government apparently feels it has done all it can to promote a settlement of the hunger strike in the Maze prison near Belfast

Dr Garret FitzGerald, the Prime Minister, is understood to feel that since a Northern Ireland official has visited the hunger strikers, this meets a condition laid down by the prisoners.

The health of Mr Kieran Doherty, the Deputy for Cavan and Monaghan, who was yesterday in the 62nd day of his hunger strike, continues to deteriorate.

His death would cause a by-election in the constituency which could be won by Fianna Fail, the main opposition party, and seriously jeopardise the precarious majority of Dr FitzGerald in Parliament.

Setback in Dutch coalition proposals

By Charles Batchelor in Amsterdam

AN OUTLINE agreement on the shape of a new Dutch left-of-centre Government has run into criticism from two of the three parties involved. In first reactions to the proposals, the middle-of-the-road Christian Democratic Party and the progressive Democrats 66 both voiced fears that the Labour Party would have too much power in the new Cabinet.

A draft programme and allocation of portfolios were announced on Tuesday by three mediators appointed by Queen Beatrix to lay the foundations for a new administration.

They could see the formation of a new government within the next week or so but they still require the approval of the parliamentary parties.

The programme commits a new Government to delaying indefinitely a decision on the deployment of Cruise missiles in the Netherlands as part of a Nato plan to modernise its "theatre" nuclear weapons in Western Europe. The Labour Party is opposed unequivocally to the new missiles while the other two parties are less so.

The Christian Democrats and Democrats 66, however, object to the outline government programme mainly because of the wide powers allocated to Mr Joop den Uyl, the Labour Party leader and former Prime Minister. Mr den Uyl would be one of two Deputy Prime Ministers in the new government, also Social Affairs Minister with responsibility for employment policy, co-ordinating Minister for social and economic policies, as well as Minister for Netherlands Antilles affairs.

It is the Christian Democrats' fear that Mr den Uyl's powers would detract from those of the proposed Prime Minister, Mr Dries van Agt Democrats 66, who have been allocated the Economics Ministry, which traditionally has responsibility for many aspects of employment policies, fear this Ministry has lost many of its powers.

The Christian Democrats also want to know how the Education Ministry would be organised. Under the mediators' proposals, the Labour Party would provide the minister but the Christian Democrats would supply his two state secretaries.

Turkish inflation falls

The inflation rate in Turkey has fallen sharply this year with wholesale prices rising 14.4 per cent in the first six months, compared with an increase of over 100 per cent in the same period of 1980, writes our Foreign Staff. However, this improvement at home has been accompanied by continuing strains in the country's foreign exchange situation.

'Gnomes' at odds in Bavaria party

BY JONATHAN CARR IN BONN

A PUBLIC row has blown up within the Bavarian Christian Social Union (CSU)—a party usually almost uncannily united under its long-time leader, Herr Franz Josef Strauss.

The row pits Herr Strauss, who is also Bavarian Prime Minister, against a member of his own Cabinet, Dr Hans Maier, the CSU Culture Minister.

It has delighted Herr Strauss's political opponents in Bonn, particularly the Social Democrats, who are often locked in internal squabbles themselves and now see the boot on the other foot.

The origin of the affair was an article in the Münchener Merkur—a conservative Munich newspaper which used to be full of praise for Herr Strauss and the CSU.

But it has become increasingly disenchanted, in particular since Herr Strauss failed to become Chancellor in the battle against Herr Helmut Schmidt in last autumn's general election.

Earlier this month, the Merkur even complained about the conduct of the CSU party congress in Munich, spoke about possible alternatives at the start of a post-Strauss era, and said that, after all, the CSU was "not wholly composed of garden gnomes."

This was too much for the Bayern Kurier—the voice of the CSU, published by Herr Strauss. It accused the Merkur of doing the work of the CSU's opponents, said the paper was filled with baseless claims, and declared that the search for an alternative publication in Munich was becoming ever more urgent.

At this point, Dr Maier entered the fray. A Catholic intellectual with seven years behind him as a Bavarian Minister, he took action equivalent to waving a red flag before a bull.

He took space in the Merkur to describe the stand of the Bayern Kurier as "intelarable" and to say he would never approve a policy aimed at restricting press freedom.

Shocked reaction came the same day. Dr Edmund Stoiber, CSU general secretary, said the Merkur article was a "clear provocation" both to the CSU and its leader. Herr Strauss has demanded an apology and Dr Maier has refused one—putting his career on the line.

The whole affair has clearly done no good to the CSU—which is much the strongest political force in Bavaria—or to Herr Strauss.

The liberal Su-ddeutsche Zeitung, also of Munich, asked editorially yesterday what might happen if it raised the question whether the CSU and its chairman were wholly identical on every possible issue.

President Eanes

Lisbon switches priorities in public spending

By Diana Smith in Lisbon

THE PORTUGUESE Government is to cut public funds for "non-essential" projects planned by the state-run industrial sector and use the money instead to fund improved hospital, school and other social services.

It will, also compel the nationalised commercial banks to assume full responsibility for funding and supervising contracts undertaken by "lame duck" nationalised companies. Until now, Paraimpresa, a state institution, has acted as the administrative and financial cushion

The Government's actions result from the cut in public funds caused by this year's projected $1.7bn balance of payments deficit and from the refusal by the Revolutionary Council headed by President Antonio Ramacho Eanes, to endorse government proposals to liberalise the banking, insurance, cement and fertiliser sectors before next year's constitutional review.

Rapid economic liberalisation would have eased considerably the state's huge financial and bureaucratic burdens incurred by the widespread nationalisations of 1975.

Poland's dockers call off strike

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S DOCKERS have called off their strike planned for today after reaching agreement with the Government on extra holiday and pay for long-serving employees. Coming with the decision by the staff at Lot, the state airline, to suspend their intention to strike, two serious problems for the Government have been removed.

The main issue in the Lot dispute—who is to appoint the chief executive—has been left to further talks. But the Government has accepted that the airline must be financially independent of the authorities and has agreed to enshrine this principle in law.

Although two difficulties have been removed, however, the government continues to face widespread unrest as a result of the severe shortage of food. In Piotrkow Trybunalski, the local branch of Solidarity, the independent union, has threatened protest action if enough food is not supplied to meet rations. It has also demanded the dismissal of the deputy chief of the province, who they claim, is responsible for the "chaos"

In Lodz, Solidarity will decide on Monday whether to take protest action over food shortages.

The government, meanwhile, has published some of its proposals for price rises, which still have to be negotiated with the unions, and which are a potentially explosive issue, given the mood of the population.

In an interview with PAP, the Polish news agency, Professor Zdzislaw Krasinski, head of the Prices Commission, proposes a 200 per cent rise in the price of bread, 250 per cent for milk, 150 per cent for ham and 160 per cent for butter.

East bloc tries to ignore changes

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

THE POLISH PARTY and leadership was showered by congratulatory telegrams from its Warsaw Pact allies yesterday on the occasion of the national holiday. This celebrates the 37th anniversary of the Communist Manifesto issued shortly after the liberation of Lublin in eastern Poland by the Red Army.

However, the curious tone of messages from leading Soviet and Pact political and military leaders suggests that their future tactics will be to try to ignore the dramatic changes which took place at last week's Polish party congress and to act as if nothing has changed.

The message from President Leonid Brezhnev said that the anniversary finds Poland "in a complex political situation" and added that "the opponents of socialism in the country and outside are making refined attacks on the foundations of the Polish state and society and are provoking complications in Poland's relations with its true friends."

Its tone was in marked contrast to the fulsome personal praise given in last year's message to the now disgraced former party leader, Mr Edward Gierek. The fact that Mr Gierek has since been publicly disgraced and expelled from the party has clearly proved a great embarrassment to the Soviet leadership.

The Soviet media has not yet announced this fact and it has glossed over the point that last week's elections to top party posts in Poland took place on the basis of a secret ballot with alternative candidates.

Bonn to keep tax on heating oil

BY JONATHAN CARR IN BONN

THE West German Government has decided to maintain its tax on heating oil as part of its strategy to hold back oil imports and reduce its budget deficit.

The tax was originally imposed in 1960 to help strengthen the position of the West German coal industry, and was due to expire at the end of this year.

The Cabinet yesterday decided that this would be a bad time to see the tax disappear. It amounts to only 1.7 pfennigs a litre for light heating oil—mainly for private homes—and 1.5 pfennigs a litre for heavy heating oil, mainly for industry. But it still brings Bonn about DM 1bn (£217m) in annual revenue.

The Government coalition parties are already facing tough bargaining over the next week, as they seek to make savings of between DM 15bn and DM 20bn in the Budget for 1982. They clearly saw no point in making their task harder

Herr Hans Matthoefer, the Finance Minister, has long stressed that stronger steps are needed to correct the country's balance of payments deficit on current account—in the first place, by encouraging energy savings and chopping the import bill. The new decision falls within this context.

By volume, oil consumption was down by 13 per cent and imports by 19 per cent in the first half of this year against the same period last year.

Foreign reserves fall again in Italy

ITALY'S foreign reserves declined by $1.6bn in May to $50.86bn, a fall of more than $11bn in the past six months, writes James Buxton in Rome. The May figure resulted from a drop of $1.15bn in foreign currency holdings and a fall in its holdings of European currency units. Italy's convertible currency reserves stood at only $5.46bn at the end of that month. The bulk of the country's reserves are in gold, worth $34.2bn at the end of May.

The Government introduced a system of 30 per cent import deposits in May in an attempt to ease pressure on the balance of payments and to reduce internal liquidity. They caused an immediate improvement in the former, which showed a surplus of L2,314bn (£1.01bn) in June, only the second monthly surplus in 18 months. This improvement is likely to be reflected in the June reserve figures.

Danish trade gap

DENMARK'S trade deficit in the first half of this year fell to DKr 5.3bn (£370m) compared with DKr 9.7bn (£680m) in the same period of 1980, according to provisional official figures, writes Hilary Barnes in Copenhagen. Imports increased by 6.4 per cent to DKr 60.8bn and exports by 17.1 per cent to DKr 55.4bn. Consumer prices have risen 12.9 per cent in the 12 months to June and went up 1 per cent from May to June, said the Bureau of Statistics.

Zhivkova death

Mrs Lyudmila Zhivkova (38), daughter of Mr Todor Zhivkov, the Bulgarian state and party chief, died early on Tuesday morning following a brain haemorrhage, according to an official bulletin yesterday, writes Anthony Robinson. Her health had deteriorated recently as a result of overwork, it said. She had been responding to treatment before a sudden deterioration on Monday.

Italian arrest

Sig Giovanni Fabbri, Italy's leading paper and publishing industrialist, was arrested on Tuesday night after police intercepted two lorries full of furniture and art works close to the French border, reports from Milan. Police said the declared value was L1... (£440); initial estimates after the contents were impounded put the value at more than L1... (£440,000).

Finnish trade surplus

Finland's trade balance was FM 781m (£93m) in surplus for the first six months of this year. However, the Finance Ministry is forecasting a rapid drop in exports and a slower than expected growth of production, writes our Helsinki correspondent.

William Dullforce, in Stockholm, assesses the lobby for a Nordic defence policy—and its impact abroad

Nuclear free zone idea faces strong opposition

GROWING PUBLIC support within Norway and Denmark for the creation of a Nordic nuclear weapon-free zone — to include also Sweden and Finland — is causing political problems on Nato's northern flank. The Reagan Administration in the U.S. is alarmed about what it regards as a revival of neutralism and pacifism on a Nato strategic front and the situation is being exploited not unskilfully by the Soviet Union.

Norway and Denmark are full members of Nato and the minority Labour governments in both countries are having trouble reconciling pressures from their allies with the domestic sentiments in favour of disarmament which have developed strongly within their own parties in recent months.

On July 14 Mr Knut Frydenlund, the Norwegian Foreign Minister, flew to Washington to explain his government's interest in a Nordic nuclear-free zone. He met with little understanding and admitted on his return to Oslo that Mr Alexander Haig, the U.S. Secretary of State, had deployed some tough counter arguments. Mr Frydenlund is visiting London today and tomorrow on a similar mission.

Last week at a meeting in Bonn of Socialist leaders, both Dr Gro Harlem Bruntland, the Norwegian Prime Minister, and Mr Anker Jorgensen, the Danish Prime Minister, reiterated their intention to explore the chances of establishing a Nordic nuclear-free zone in spite of American opposition to the idea and strong reservations from the West German and British governments.

Both Prime Ministers stressed that the creation of such a zone could be envisaged only as part of a wider European agreement on arms limitation and could be undertaken only after full consultation with their Nato allies. Nevertheless, Mr Jorgensen was promptly hauled over the coals by Danish opposition leaders, who criticised the brusque manner in which he had dismissed Mr Haig's objections to the idea. The opposition insisted that the Prime Minister appear before the country's Foreign Policy Council to clarify his position.

In Norway, Dr Bruntland faces a general election in September in which she could be turned out of office. The non-socialist parties currently have a lead in the opinion polls.

The nuclear-free zone could become a central issue in the Norwegian election campaign. Mr Frydenlund has suggested that, if properly handled, it could be an electoral asset for the Labour Party. But Dr Bruntland would have to strike the right balance between encouraging the disarmament lobby within her party and not going soft on Norway's commitment to Nato.

In a recent poll taken for Arbeiderbladet, the Labour Party newspaper, 69 per cent of those questioned favoured the creation of nuclear-free zones in the Nordic area and Europe.

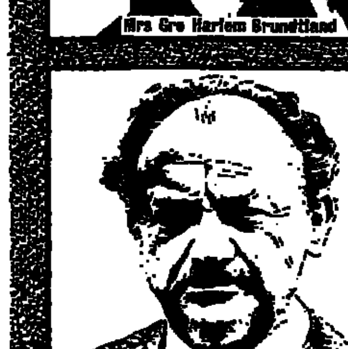
Washington's opposition to the promotion of a Nordic nuclear-free zone centres on the difficulties it believes would arise for the talks with the Russians on theatre nuclear weapons in Europe which are due to start in November. By going it alone on the zone issue, Norway and Denmark would be splitting the Nato front in the American view.

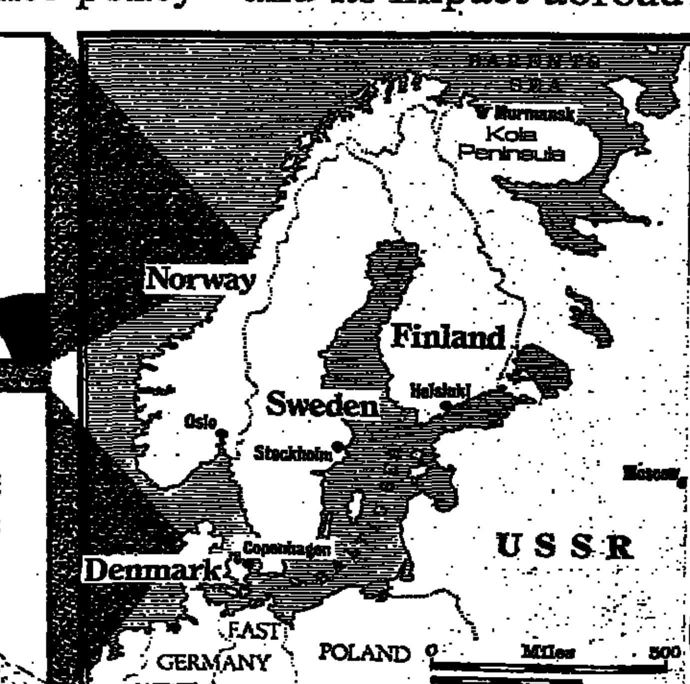
In one sense, a Nordic nuclear weapon-free zone already exists in that Norway and Denmark refuse to allow foreign military bases on their territories during peacetime and neither produces nuclear weapons of its own.

However, the option of introducing nuclear weapons under war conditions remains and has been seen by Nato as part of the deterrent to any Soviet attack on its northern flank. A major U.S. objection to the zone plan is that it would mean abandoning this option.

The idea of a Nordic nuclear-free zone is not new. It was first mooted by the Russians in the 1950s, notably by Mr Nikita Khrushchev, but the real progenitor of the idea was Finland's President Urho Kekkonen, who tabled a definite plan in 1963.

In 1978, President Kekkonen relaunched the zone proposal during a speech in Stockholm. He then specifically linked it with the advent of Cruise missiles bearing nuclear warheads, of the type which Nato now plans to deploy in Europe. The proposal evoked scepticism among the other Nordic countries until recently. Sweden, for example, responded with the view that, to have any meaning, a zone would have to include parts of the Soviet Union in which nuclear weapons are stationed, such as the Kola Peninsula. Moscow ridiculed the suggestion.





The fading of Norwegian and Danish opposition to the zone idea can be traced to Nato's decision in December, 1979 to go ahead with the modernisation of its theatre nuclear weapons in Europe. Neither Scandinavian country was called on to receive the new Cruise and Pershing missiles but sizeable groups in both Labour parties argued fiercely against the nuclear escalation which they represented.

In Norway, the same group campaigned strongly against the government's decision to stock on its territory heavy military equipment for the U.S. marine brigade which would reinforce Norway in an emergency. The Soviet Union claims that these stores would include guns capable of firing nuclear warheads. Its arguments have not been without effect on Norwegian disarmament supporters.

The Russians' latest success in influencing Nordic opinion came from an interview given by President Leonid Brezhnev to Suomen Sosialidemokraatti, the Finnish Socialist Party newspaper last month.

He indicated that in addition to guaranteeing not to use nuclear weapons against the members of a Nordic nuclear-free zone, the Soviet Union could also discuss "certain other measures concerning our own territory in the area bordering on the zone."

Mr Brezhnev and other Soviet officials elaborated slightly on this vague statement during the recent visits to Moscow by Mr Willy Brandt, Chairman of the West German Social Democrat Party, and Mr Einar Foerde, the Norwegian Education Minister and Deputy Chairman of the Labour Party. Mr Brandt was sufficiently impressed to suggest that the Norwegian and Danes should follow up a hint from Moscow that it might be prepared to enter talks about a zone, which could affect the deployment of nuclear weapons on Soviet territory.

After last week's meeting of Socialist leaders in Bonn, Dr Bruntland and Mr Jorgensen appear to have taken some of the heat out of the zone issue. The Norwegian Government gave an assurance on Tuesday that it would take no action on the zone before the September election.

As Dr Bruntland said earlier, however, the revived domestic interest in a nuclear-free zone will not disappear after the Norwegian election. Both the Norwegians and the Danes argue that the best course now would be for the Reagan Administration to respond to the desire of its European allies that it show some seriousness about getting down to talks with the Soviet Union on European arms limitation.

Norway rejects naval exercises

BY OUR OSLO CORRESPONDENT

NORWAY HAS refused to take part in international naval exercises later this year because they involve several South American countries who are not members of the North Atlantic Treaty Organisation.

The manoeuvres, called Ocean Venture 81 and said to be the largest of their kind for many years, are due to take place in the Atlantic from August 1 to October 15. They have been organised by the U.S. rather than Nato.

Mr Thorbald Stoltenberg, the Norwegian Defence Minister, said Norway feared the exercises could give the impression that Nato was trying to expand its area of responsibility. The Government's decision was in line with Norwegian policy, he said. The Minister said Norway had not been put under any pressure to participate in the exercises.

The countries due to take part are the U.S., Argentina, Brazil, Colombia, Uruguay, Venezuela, the Netherlands, Britain, Canada, West Germany, Portugal, France, Denmark and Spain, and 120,000 naval personnel, 250 ships and more than 1,000 aircraft will be involved.

FINANCIAL TIMES, published ... except Sundays and holidays. subscription rates $365.00 per ann... Second class postage paid at ... York, N.Y., and at additional ma... centres.

S. Africa extends tear gas regulations

By Steven Friedman in Johannesburg

THE South African Government has extended regulations which allow employers whose workers live in compounds to use tear gas. Black trade unionists and community leaders this week described the regulations as "barbaric."

Mr Kobie Coetsee, Minister of Justice, has published regulations in the latest edition of the Government Gazette which empower local authority and certain groups of employers whose migrant workers are housed in compounds to use tear gas.

Employers who are granted these powers are mining companies, electricity suppliers and other companies who provide compound housing for more than 100 workers.

According to mining industry legal experts, the regulations are an extension of an existing proclamation allowing the use of tear gas by employers of migrant workers. Many black municipal workers are migrants housed in compounds

Industry officials said they do not believe that any employers have yet made use of these powers.

According to the lawyers, the previous regulation limited powers to use tear gas to employers whose compound housed more than 300 workers. The new proclamation simply extends this to smaller compounds.

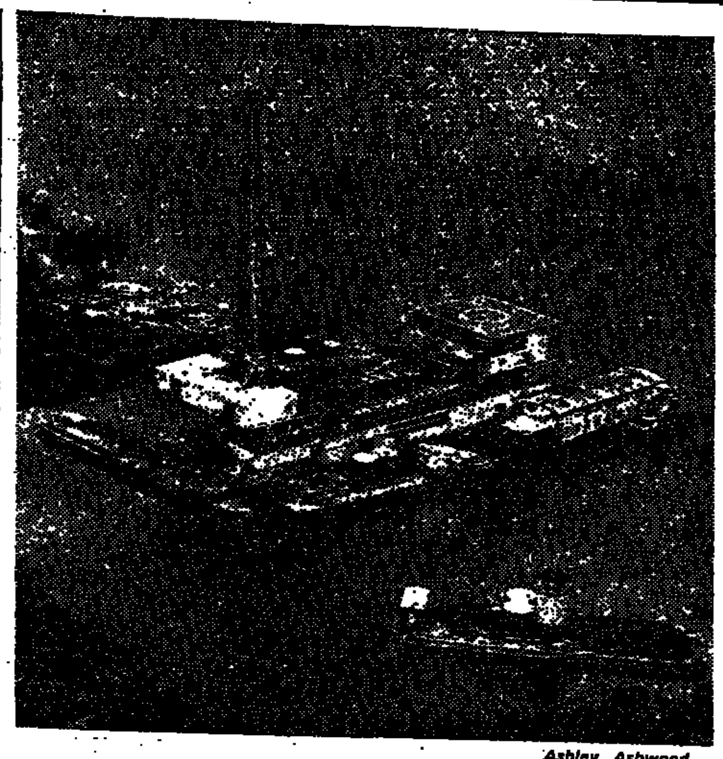
But trade unionists and labour experts have been taken aback by the latest proclamation. Until now, they have been unaware of the existence of these regulations.

As a result, this week's proclamation has evoked widespread condemnation of the regulations for the first time.

Dr Alex Boraine, chief labour spokesman of the official Opposition, said he was "staggered" by the powers granted, which he believed were "highly undesirable."

● Unrest near Johannesburg continued this week, as about 1,000 pupils who are boycotting classes were dispersed by police.

A dispute between British Leyland's Cape Town subsidiary and striking workers dismissed by the company several weeks ago ended yesterday, as the workers voted to accept reinstatement proposals put to their union by management.



Ashley Ashwood.

Shell Nigeria semi-submersible drilling rig moored near Port Harcourt.

Oil glut catches Nigeria unawares

BY MARK WEBSTER

OIL EXPERTS believe that Nigeria has been caught unawares by the current glut of crude oil.

Nearly two years after coming to power, the Nigerian Government has still not developed a clear policy for this vital sector. The administration of President Shehu Shagari has tended to "play it by ear" when it has come to the state of world markets.

A key factor in the general confusion has been the chaos within the national oil company, the Nigerian National Petroleum Corporation (NNPC).

The corporation controls nearly 70 per cent of Nigeria's total crude oil production, selling some of its entitlement back to the operating companies and negotiating sales to third-party customers. It also does a small amount of its own exploration.

For more than a year, the corporation has been run by an interim management, following allegations about missing oil revenues.

The "Oilgate" scandal failed to uncover any missing funds but it did reveal disorganisation within the corporation, lack of qualified staff, particularly accounting staff, and generally low standards of efficiency.

The tribunal of inquiry into "Oilgate" recommended sweeping changes within the corporation.

It has taken a year for those recommendations to be adopted. This week, a new managing director and board of directors was announced for the corporation with Mr Lawrence Amu, previously an energy adviser to the President, moving in as the managing director. The new chairman is Mr Horatio Agebah.

The outgoing managing director, Mr Odoliyi Lolomari, said the latest changes showed that "We are somewhere near the beginning of the reorganisation." Extra accounting staff had been taken on in order to improve the speed and efficiency of the department, he added.

The National Assembly is also expected to approve soon a Bill which would split the corporation into five separate operating companies. The bill was introduced last year but the legislature has been slow to push it through.

The main recommendations are that the President should become the corporation's titular head and five separate subsidiaries should cover exploration and exploitation, refining, petrochemicals, gas, and marine transportation.

But oil industry experts point out that the nub of the decision-making process has shifted to the office of the President since the civilian Government came to power.

While the oil industry generally feels that the concentration of authority should speed the decision-making, the President's office is short of back-up staff. "There is a danger that decisions could be taken without sufficient information," an oil company executive said.

Relations between the Nigerian Government and the oil companies have improved since the "Oilgate" scandal was resolved, but there is growing friction during the present crisis.

The Nigerian Government is trying to persuade the companies to take more oil and the companies are refusing to do so until Nigeria lowers its price.

Nigeria has actively pursued a policy of diversifying its sales away from the major companies operating in the country to smaller, third-party customers.

The drawback of such a policy has been revealed during the glut as third-party customers have failed to renew their supply contracts.

Egypt underplays effects of drop in production and prices

BY ANTHONY McDERMOTT IN CAIRO

EGYPT'S OIL production and prices per barrel have dropped seriously this year in response to the glut in world markets. But Government officials do not, as yet, fear major problems for the balance of payments.

In 1980, Egypt produced an average of 595,000 barrels a day (b/d) of which about 160,000 b/d weer exported. Production this year, having averaged 661,000 b/d during the first quarter, has since fallen to 614,000 b/d according to figures released by the Egyptian General Petroleum Corporation (EGPC) on July 13.

At the same time, prices which weer set at a peak of $41 a barrel last December have been successfully reduced, averaging $40.50 between January and March, $37.50 in April and $36 in May and June.

There are now reports that since the beginning of July EGPU has lowered prices to $33. However, the corporation is assuming an overall average price for the year of between $36 and $37.

The effect on the economy has been underplayed here by Government officials. Egypt's balance of payments surplus—about $500m last year—and its ability to pay for food imports, which are rising at an alarming rate, are not yet endangered.

Egypt's income from oil exports, which is a major contributor to its balance of payments, is expected to reach $3.2bn this year. Although this is an increase of just over 14 per cent over last year, it pales beside the 56 per cent increase in income in 1980 over 1979 when it was a mere $1.8bn.

Essentially, the balance of payments depends on four elements: oil and workers' remittances (last year each worth about $2.8bn; this year remittances could be about $3bn), tourism, which brought in $570m last year and the Suez Canal, which brought in about $930m. This year an increase is expected in both the last two sectors.

The problem for Egypt's oil revenue is that domestic consumption is eating into the exportable surplus. Last year domestic consumption totalled 265,000 b/d and this year could reach about 300,000 b/d.

After the foreign companies operating in Egypt have taken their share of oil there will be only about 150,000 b/d available for export, of which 40,000 b/d is contracted to Israel.

Our Foreign Staff adds: Kuwait's oil production is reported to have dropped to about 900,000 b/d, which would be the lowest level since the 1950s.

There was no official confirmation of the report in the newspaper Al Watan. It pointed out, however, that the country was still receiving a premium of $3.50 per barrel from some of its customers over the basic official selling price of $35.50.

Kuwait planned a production level of 1.25m b/d from April 1, compared with an average of 1.38m b/d in 1980.

Philippines' current account deficit rises

BY OUR MANILA CORRESPONDENT

The Philippines balance of payments deficit on current account nearly doubled to $1.03bn (£556m) in the first half this year, compared with a deficit in the same period last year of $691m, according to figures released yesterday.

Exports fell slightly to 2.31bn from $2.39bn and imports rose to $3.60bn from $3.24bn.

The resulting trade gap of $1.28bn was only partially covered by invisibles of $254m.

A net capital inflow of $607m, sales of gold worth $23m, the Special Drawing Rights from the taking up of an allocation of International Monetary Fund of $27m and the revaluation of reserves upwards by $132m cut the imbalance to $243m, still $44m higher than last year's first half.

In ihs report ot President Ferdinand Marcos, Mr Jaime Laya, central bank governor, said the overall performance was "satisfactory" considering the impact on the local economy of oil price rises and the prolonged world recession.

Aboriginal land claims in uranium area rejected

BY OUR SYDNEY CORRESPONDENT

AN AUSTRALIAN judge has rejected aboriginal claims and recommended that development work proceed on the world's largest uranium deposit in Arnhem Land in the Northern Territory.

In a report on aboriginal land claims published yesterday, Mr Justice Toohey, the aboriginal land commissioner, also rejects 90 per cent of aboriginal land claims for the Alligator River area of the Northern Territory.

The report represents a significant step forward for the Australian uranium industry, but will also intensify aboriginal opposition to uranium development and give the Opposition Labor Party another issue on which to fight the Government.

The major company involved, Pancontinental Mining, is now pressing ahead with A$20m (£12m) compensation arrangements with local aboriginal tribes and is sending representatives to seek approval from tribal elders.

Mining, Page 19

Australian wages body appeals for end to unrest

BY PATRICIA NEWBY IN CANBERRA

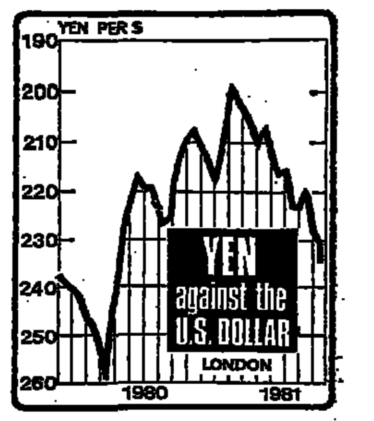
AUSTRALIA'S centralised wage-fixing authority yesterday appealed to the Australian trade union movement to halt its current wave of industrial unrest, while a new national pay policy was worked out.

Sir John Moore, president of the Australian Arbitration Commission, made the request at a special hearing of the commission's national wage case full bench, which is looking at ways of improving Australia's crumbling centralised pay policy.

Sir John suggested a national productivity review as a basis for future pay rises, rather than the current system of automatic rises based on increases in the cost of living.

Employers are likely to endorse such a proposal, but the union movement was cautious, saying the suggestion was unlikely to solve current industrial disputes, which included transport, telecommunications, power, and waterfront workers.

The special hearing was adjourned.



Yen's fall is excessive, says central bank chief

By Richard Hanson in Tokyo

MR HARUO MAEKAWA, Governor of the Bank of Japan, yesterday reiterated his view that the yen's depreciation is "clearly excessive." The market had not "responded to our expectations," he said, in a reference to the yen's steep fall yesterday in spite of the central bank's attempts to discourage further declines.

On the Tokyo market the yen closed at Y235.60 against the dollar, its lowest point in 14 months and Y2.2 below Tuesday's close. The authorities are believed to have intervened but only in small amounts.

Speculation is mounting that West Germany and Japan will take steps to protect their currencies in light of the Ottawa summit's failure to convince the U.S. to ease up on high interest rate policies.

A central bank spokesman said that Japan was watching with concern for any West German response. There is, however, no coordination of policies between the two, he said.

Mr Maekawa said there were no new factors, either domestic or external, to justify the yen's continued decline. Short term outflows of capital do not appear to be increasing, and foreign investment is continuing, he said.

South Korea lifts ban

SOUTH KOREA will lift a ban on private investment in countries with which it has no diplomatic relations, officials said yesterday, Reuter reports from Seoul.

Leaders surprised by their own amity

BY REGINALD DALE, U.S. EDITOR

CHANCELLOR Helmut Schmidt of West Germany and President Francois Mitterrand of France are already getting on like old friends. President Reagan, if not yet a total internationalist, has been "sensitised" to the concern of his allies, and has in turn impressed them more than they expected with his defence of what his advisers like to call "his vision of leadership."

Mr Zenko Suzuki, the invisible man of Ottawa, has gone home to Tokyo happy. He has escaped the public pillorying for Japan's trading practices that Japanese leaders are always so desperate to avoid.

Mr Pierre Trudeau, the Canadian Prime Minister and host, is basking in the flattery bestowed on him by his departing guests for organising one of the best summits ever.

Of course, they wanted a "successful" summit. They would have said it was a success whatever happened in the secluded setting of Chateau Montebello, and it might have been months before anyone discovered the truth.

But as it turned out they seem to have surprised themselves with the smoothness of the proceedings. "We came here wondering if we were going to be allowed to be Socialists, and nobody told us we weren't," one senior French official said.

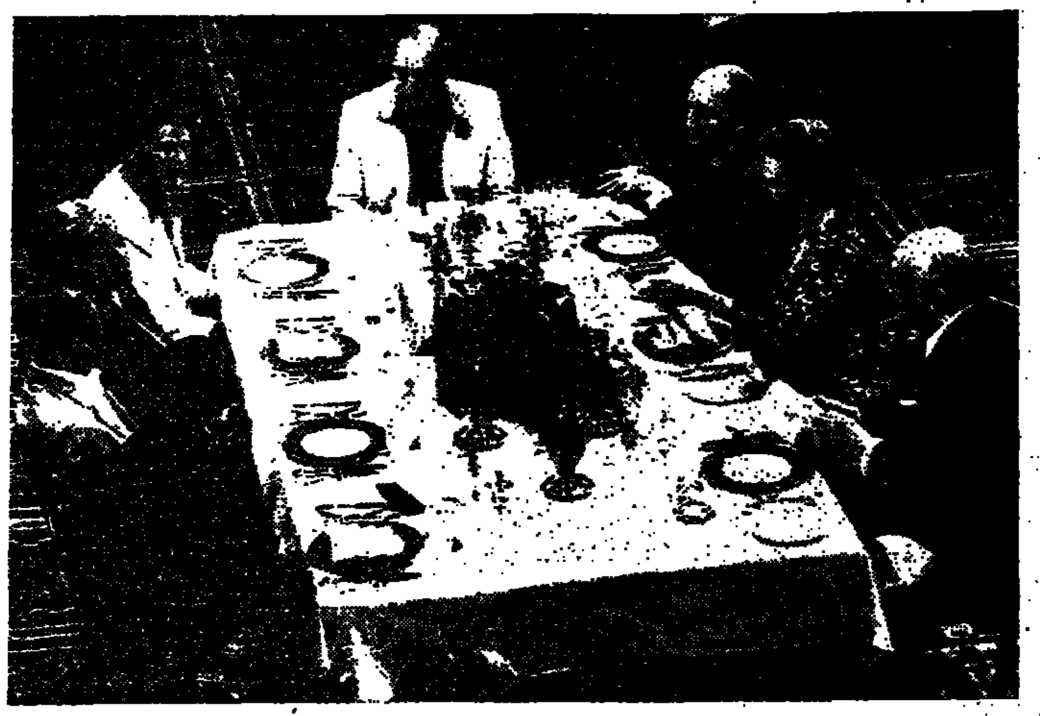
If a sour note could be detected, it came in some rather unnecessary public comments from the French about the riots in British cities, and in West German briefings that portrayed Herr Schmidt as the established leader of Western Europe, laying things on the line for the naive new U.S. President. Herr Schmidt, of course, did not want to be eclipsed by the new French President, whose first summit appearance was attracting so much attention.

As it happened, he need not have worried. M Mitterrand adopted a low profile. It would have been surprising, in any case, if M Mitterrand tried to lecture the others on economic policies. He is hardly invulnerable to counter-attack.

The same, but for different reasons, applied to Mrs Thatcher, the British Prime Minister, who was the subject of some astringent comments from some of the other delegations. She had, they said, now lost some credibility, and less attention was paid to her remarks than in the past. Her main role, according to one European official, was to chip in every now and then with "I agree with President Reagan."

Tangible progress in the fields of trade and aid

BY REGINALD DALE AND JOHN WYLES IN OTTAWA



WORLD ECONOMIC summits never changed the world but the one which has just finished in Ottawa promises to make the world a slightly different place. On a personal level it clearly succeeded in establishing acquaintance and some understanding in a club which now includes five new members.

Politically, the West, and particularly the U.S., came out with a surprisingly strong condemnation of the latest violence in the Middle East; economically, the summit set an agenda for a new series of discussions aimed at fighting protectionism and stimulating world economic growth.

The summit's more tangible achievements, which came mainly in the fields of trade and aid, will have to be judged ultimately in the light of subsequent experience. The formula in almost every case was to pass on detailed study of problems to other consultative bodies, or to set up new types of consultations.

But the Ottawa decisions were marked by a greater determination to solve trade and development problems than many had expected—the most significant element being a new flexibility by the U.S. on North-South relations between industrialised and developing countries. This unlocked the door for a number of further compromises in other fields.

The first key American concession was to abandon opposition in principle to the proposed "global negotiations" in the United Nations on the transfer of resources from rich to poor countries. Washington has never liked the UN as a negotiating framework, partly because the organisation is politically unpopular in the U.S. but mainly because it contains a built-in majority of developing countries.

The American preference is for more limited groupings, in which the various conflicting interests can be more carefully balanced. But all the other summit participants were convinced that "global negotiations," which are what the developing countires want, are at least worth a try.

In the days leading up to Ottawa, they managed to get the point across to President Reagan, who apparently began to realise that he risked severe criticism when he attends the October North-South summit in Mexico, if he persisted in his opposition.

The compromise was American acceptance that preparations for the "global negotiations' can go ahead, in exchange for recognition by the others that the global talks are not necessarily the only framework for dialogue.

The second American concession was to agree to a proposal for negotiations with the oil-producing countries aimed at setting up a new international financial mechanism for promoting energy investment in the Third World.

The U.S. did not go as far as accepting that the mechanism should be the proposed new energy affiliate of the World Bank (the current U.S. Administration has no love for multilateral aid institutions, preferring the stimulus provided by private enterprise), and it may turn out not to be.

The Europeans, in turn, accepted that the main functions of the energy affiliate, which they broadly support, could perhaps be carried out by some other type of financial mechanism. The twin aim of the European Community countries is to tap oil funds for Third World development and draw the oil producers more closely into international decision-making.

The American concessions on the North-South issue made it easier for the Europeans to agree to a study of East-West trade, especially in high technology, that the Americans are seeking. The Americans are keen to restrict sales of goods which could help the Soviet defence build-up. Such a study is now to be carried out in Cocom, the secret Paris-based committee in which the West screens exports to the East to check that they do not endanger Western security.

Instead of the high level study of high technology exports proposed by Washington, the review will be broader ranging and take in all East-West trade. The European aim is to avoid decisions that would impair their own, infinitely greater, trade with the East, leaving U.S. exports, which are largely agricultural, untouched. The study may not, i nany case, lead to very much in the end. European officials at the summit appeared to believe that the issue had been largely side-stepped.

The two other trade decisions were to throw the summit's weight behind the plan for a ministerial meeting of all the countries involved in the General Agreement on Tariffs and Trade in the second half of next year (the first since 1973) and to set up informal consultations among the summit participants themselves on a regular basis. The idea is to use the Gaff meeting as a two-edged weapon against protectionism. The meeting itself would conclude with a general commitment to renounce "beggar my neighbour" trade policies. Meanwhile, the knowledge that it is to take place is meant o act as a psychological deterrent aginst protectionism.

Both the Gatt initiative and the new regular four-sided consultations (between the U.S., Canada, the EEC and Japan) are admitted by European officials to be designed to apply pressure on Japan to alter its ways, in thehope of reducing

Summit discussions on U.S. interest rates and the dollar were not expected to change eocnomic reality and they have not done so. This did not make the exchanges any less worthwhile between President Reagan and the Europeans, principally Chancellor Schmidt and M. Mitterrand, since the objective on both sides was to change political perceptions.

The achievement can only be measured by developments in the months ahead, but the commitment to further consultation between the U.S. and her summit partners and the terms of the final communique point to four conclusions.

● Without making any commitments, President Reagan has strengthened expectations in Europe that domestic U.S. interest rates will fall over the next few months. The President expected that a decline in U.S. inflation coupled with a slowing of the economy would reduce domestic inflationary expectations, ease the demand for credit and thus lower interest rates. Mr Donald Regan, the Treasury Secretary, ventured to suggest that, the fall might be "several points." by the end of the year. If this does not happen, the Europeans will certainly be clamouring for direct action by next spring.

● Chancellor Schmidt and especially President Mitterrand have been forced to acknowledge some of the virtues of "Reaganomics." This has given pleasure and political satisfaction to Mrs Thatcher who may claim to have been a true believer for almost as long as Mr Reagan. The evidence is in the communique which postulates a reduction in inflation and unemployment as "the highest priority" but then asserts the importance of maintaing current economic orthodoxy: low and stable monetary growth, the use of high interest rates "where fears of inflation remain strong," reduction of public borrowing, a shift in resources from consumption to public investment and educating electorates to expect less economic growth and increases in earnings and to accept painful economic adjustment.

● The Europeans may have persuaded Washington to think again about its current policy of non-intervention in the exchange markets except to counter extreme instability. They secured Mr Reagan's acknowledgment that it is "highly desirable" to minimise volatility in both interest rates and exchange rates and his endorsement of the need for "greater stability" in foreign exchange and financial markets.

● The fact that Ottawa has demonstrated that there is to be no early and significant change in U.S. economic policy will be used by several European Governments as a partial explanation for their current difficulties and as a justification for new measures. President Mitterrand will assert that the French road to socialism is mad, both more necessary and more difficult by his U.S. partner. Chancellor Schmidt is seeking agreement within his coalition for further substantial public spending cuts which he will argue are all the more unavoidable because of U.S. policies. Mrs Thatcher will not use President Reagan as a whipping boy but sees the inflationary impact of the pound's steep decline against the dollar as a further reason for maintaining her present course. Italy's Prime Minister, Sig Giovanni Spadolini will return to Rome with the message that austerity remains the only recipe for his country's ailing economy.

Economically, Ottawa contains no promise of a brave new dawn, merely the confirmation of a long hard slog towards an uncertain recovery.

Emphasis on interdependence and the need for change

THE FOLLOWING is the full text of the final communique issued on Tuesday at the conclusion of the seventh annual Western Economic Summit attended by the heads of government from the United States, Canada, Japan, France, Germany, Italy and the United Kingdom:

Introduction

1—We have met at a time of rapid change and great challenge to world economic progress and peace. Our meeting has served to reinforce the strength of our common bonds. We are conscious that economic issues reflect and affect the broader political purposes we share. In a world of interdependence, we reaffirm our recognition of the need to take into account the effects on others of policies we pursue. We are confident of our joint determination and ability to tackle our problems in a spirit of shared responsibility, both among ourselves and with our partners throughout the world.

The Economy

2—The primary challenge we addressed at this meeting was the need to revitalize the economies of the industrial democracies, to meet the needs of our own people and strengthen world prosperity.

3—Since the Venice Summit, the average rate of inflation in our countries has fallen, although in four of them inflation remains in double figures. In many countries unemployment has risen sharply and is still rising. There is a prospect of moderate economic growth in the coming year but at present it promises little early relief from unemployment. The large payments deficits originating in the 1979-80 oil price increase have so far been financed without imposing intolerable adjustment burdens but are likely to persist for some time. Interest rates have reached record levels in many countries and, if long sustained at these levels, they would threaten productive investment.

4—The fight to bring down inflation and reduce unemployment must be our highest priority and these linked problems must be tackled at the same time. We must continue to reduce inflation if we are to secure the higher investment and sustainable growth on which the durable recovery of employment depends. The balanced use of a range of policy instruments is required. We must involve our peoples in a greater appreciation of the need for change—change in expectations about growth and earnings, change in management and labour relations and practices, change in the pattern of industry, change in the direction and scale of investment, and change in energy use and supply.

5—We need in most countries urgently to reduce public borrowing—where our circumstances permit or we are able to make changes within the limits of our budgets, we will increase support for productive investment and innovation. We must also accept the role of the market in our economies. We must not let transitional measures that may be needed to ease change become permanent forms of protection or subsidy.

6—We see low and stable monetary growth as essential to reducing inflation. Interest rates have to play their part in achieving this and are likely to remain high where fears of inflation remain strong. But we are fully aware that levels and movements of interest rates in one country can make stabilization policies more difficult in other countries by influencing their exchange rates and their economies. For these reasons, most of us need also to rely on containment of budgetary deficits, by means of restraint in government expenditures as necessary. It is also highly desirable to minimize volatility of interest rates and exchange rates—greater stability in foreign exchange and financial markets is important for the sound development of the world economy.

7—In a world of strong capital flows and large deficits it is in the interests of all that the financial soundness of the international banking system and the international financial institutions be fully maintained. We welcome the recently expanded role of the IMF in financing payments deficits on terms which encourage needed adjustment.

8—In shaping our long term economic policies, care should be taken to preserve the environment and the resource base of our planet.

Relations With Developing Countries

9—We support the stability, independence and genuine non-alignment of developing countries and reaffirm our commitment to cooperate with them in a spirit of mutual interest, respect and benefit, recognising the reality of our interdependence.

10—It is in our interest as well as in theirs that the developing countries should grow and flourish and play a full part in the international economic system commensurate with their capabilities and responsibilities and become more closely integrated in it.

11—We look forward to constructive and substantive discussions with them, and believe the CANCUN Summit offers an early opportunity to address our common problems anew.

12—We reaffirm our willingness to explore all avenues of consultation and cooperation with developing countries in whatever forums may be appropriate. We are ready to participate in a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress.

13—While growth has been strong in most middle income developing countries, we are deeply conscious of the serious economic problems in many developing countries, and the grim poverty faced especially by the poorer among them. We remain ready to support the developing countries in the efforts they make to promote their economic and social development within the framework of their own social values and traditions. These efforts are vital to their success.

14—We are committed to maintaining substantial and, in many cases, growing levels of official development assistance and will seek to increase public understanding of its importance. We will direct the major portion of our aid to poorer countries and will participate actively in the United Nations Conference on the Least Developed Countries.

15—We point out that the strengthening of our own economies, increasing access to our markets and removing impediments to capital flows contribute larger amounts of needed resources and technology and thereby complement official aid. The flow of private capital will be further encouraged in so far as the developing countries themselves provide assurances for the protection and security of investments.

16—The Soviet Union and its partners, whose contributions are meagre, should make more development assistance available, and take a greater share of exports of developing countries, while respecting their independence and non-alignment.

17—We will maintain a strong commitment to the international financial institutions and work to ensure that they have, and use effectively, the financial resources for their important responsibilities.

18—We attach high priority to the resolution of the problems created for the non-oil developing countries by the damaging effects on them of the high cost of energy imports following the two oil price shocks. We call on the surplus oil-exporting countries to broaden their valuable efforts to finance development in non-oil developing countries, especially in the field of energy. We stand ready to cooperate with them for this purpose and to explore with them, in a spirit of partnership, possible mechanisms—such as those being examined in the world bank—which would take due account of the importance of their financial contributions.

19—We recognise the importance of accelerated food production in the developing world and of greater world food security, and the need for developing countries to pursue sound agricultural and food policies. We will examine ways to make increased resources available for these purposes. We note that the Italian Government has it in mind to discuss within the European Community proposals to be put forward in close co-operation with the specialised UN institutions located in Rome for special action in this field, primarily directed to the poorest countries.

20—We are deeply concerned about the implications of world population growth. Many developing countries are taking action to deal with that problem, in ways sensitive to human values and dignity, and to develop human resources, including technical and managerial capabilities. We recognise the importance of these issues and will place greater emphasis on international efforts in these areas.

Trade

21—We reaffirm our strong commitment to maintaining liberal trade policies and to the effective operation of an open multilateral trading system as embodied in the GATT (General Agreement on Tariffs and Trade).

22—We will work together to strengthen this system in the interest of all trading countries, recognising that this will involve structural adaptation to changes in the world economy.

23—We will implement the agreements reached in the multilateral trade negotiations and invite other countries, particularly developing countries, to join in these mutually beneficial trading arrangements.

24—We will continue to resist protectionist pressures, since we recognise that any protectionist measure, whether in the form of overt or hidden trade restrictions or in the form of subsidies to prop up declining industries, not only undermines the dynamism of our economies but also, over time, aggravates inflation and unemployment.

25—We welcome the new initiative represented by the proposal of the Consultative Group of Eighteen that the GATT contracting parties convene a meeting at ministerial level during 1982, as well as that of the OECD countries in their programme of study to examine trade issues.

26—We will keep under close review the role played by our countries in the smooth functioning of the multilateral trading system with a view to ensuring maximum openness of our markets in a spirit of reciprocity, while allowing for the safeguard measures provided for in the GATT.

27—We endorse efforts to reach agreement by the end of this year on reducing subsidy elements in official export credit schemes.

Energy

28—We are confident that, with perseverance, the energy goals we set at Venice for the decade can be achieved, enabling us to break the link between economic growth and oil consumption through structural change in our energy economies.

29—Recognising that our countries are still vulnerable and energy supply remains a potential constraint to a revival of economic growth, we will accelerate the development and use of all our energy sources, both conventional and new, and continue to promote energy savings and the replacement of oil by other fuels.

30—To these ends, we will continue to rely heavily on market mechanisms, supplemented as necessary by government action.

31—Our capacity to deal with short-term oil market problems should be improved, particularly through the holding of adequate levels of stocks.

32—In most of our countries, progress in constructing new nuclear facilities is slow. We intend in each of our countries to encourage greater public acceptance of nuclear energy and to respond to public concerns about safety, health, nuclear waste management and non-proliferation (of nuclear weaponry). We will further our efforts in the development of advanced technologies, particularly in spent fuel management.

33—We will take steps to realise the potential for the economic production, trade and use of coal and will do everything in our power to ensure that its increased use does not damage the environment.

34—We also intend to see to it that we develop to the fullest possible extent sources of renewable energy such as solar, geothermal and biomass energy. We will work for practical achievements at the forthcoming UN conference on new and renewable sources of energy.

35—We look forward to improved understanding and co-operation with the oil exporting countries in the interests of the world economy.

East-West Economic Relations

36—We also reviewed the significance of East-West economic relations for our political and security interests. We recognised that there is a complex balance of political and economic interests and risks in these relations. We concluded that consultations and, where appropriate, co-ordination are necessary to ensure that, in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives.

37—We will undertake to consult to improve the present system of controls on trade in strategic goods and related technology with the USSR.

Conclusion

38—We are convinced that our democratic, free societies are equal to the challenges we face. We will move forward together and with all countries ready to work with us in a spirit of co-operation and harmony. We have agreed to meet again next year and have accepted the invitation of the President of the French Republic to hold this meeting in France. We intend to maintain close and continuing consultation and co-operation with each other.

Democrats finish work on tax cut alternative

BY DAVID BUCHAN IN WASHINGTON

THE House Ways and Means Committee has finished work on a Democratic tax cut Bill tailored to lower- and middle-income earners and to Southern oil interests, in the hope it will prevail over the tax initiative offered by President Ronald Reagan.

This Bill is due to go before the full House next week, where the final outcome will have to be reconciled with the tax cuts now being considered by the Republican-controlled Senate.

Congressional leaders of both parties have promised to try to grant Mr Reagan's wish for a tax cut Bill on his desk before the legislature recesses next month. But last-minute bidding for the support of votes from oil-producing states caused some delay.

These swing votes are vital, because Mr Reagan hopes to attract Southern Democrats into his camp and so break the Opposition majority in the House.

The Ways and Means panel approved tax breaks for oil producers and royalty owners, worth $6bn up to 1986.

But it did so by the narrowest majority—18 votes to 17—which showed the danger for Democratic leaders of wooing Southern conservatives at the risk of losing their liberal wing.

Republican leaders in the Senate promptly tried to raise the bidding for oil votes, with Senator Robert Dole, who heads the Finance Committee, proposing wiping out the entire windfall profits tax on oil for four years.

The Ways and Means Bill, backed by the Democratic leadership in the House, differs from the Reagan tax cut plan in two key elements:

● It proposes an average 15 per cent cut in income tax over the next two years, with most of the relief going to lower- and middle-income earners in the $15,000-$50,000 salary range. Mr Reagan wants equal percentage cuts in all brackets.

House Democrats are ready to give Mr Reagan his third year of income tax relief, but only if by then the economy lives up to Administration predictions of lower inflation and deficits. The White House has rejected such a "trigger."

● Democrats and the Republican Administration are offering business roughly the same amount of overall tax relief, but in different forms.

Mr Reagan has proposed simply shortening and simplifying present schedules for tax depreciation on new investment, while the Democrats propose scrapping the depreciation concept altogether.

Brazil trade figures improve

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BRAZIL HAD a further trade surplus of $160m (£84.6m) in June, bringing its deficit for the first six months of the year to £282m, according to Dr Carlos Langoni, the country's Central Bank Governor.

Dr Langoni said in London that exports in the first half of this year rose 18.1 per cent to $10.86bn, while imports fell 0.7 per cent to $11.14bn. This was despite a 9 per cent increase to !5.23bn in the country's oil import bill.

In the first half of last year, Brazil's trade was in deficit by $2.03bn, but the dramatic improvement in the same period of this year means Brazil can now expect a more or less balanced trade pattern for the whole of 1981, Dr Langoni said.

The high interest burden on Brazil's foreign debt has, however, made Brazil rather less optimistic for its balance of payments on current account. This is now expected to show a deficit in 1981 of some $12bn, roughly the same as last year.

Two other less encouraging aspects of Brazil's current economic development are that prospects for economic growth this year seem to be slipping.

Dr Langoni new talks in terms of real economic growth of 4.5-5 per cent compared with 8.2 per cent in 1980, and of oil imports in the first half running at an average of about 820,000 barrels a day, well above the target of 750,000 b/d.

Brazil was not planning to force down margins on international bank loans to Brazil, Dr Langoni added, but he was expecting the market to realise that their current level was higher than it should be, given the improvement in Brazil's economy.

In the first half of this year, Brazil raised about $10bn of its total foreign borrowing requirement of some $15bn.

Next year's requirement is expected to be rather similar, but after 1982, Brazilian borrowing should drop in line with a decreasing need to refinance maturing credits.

Salvador visit 'led to murder'

BY LARRY KLINGER IN BRUSSELS

SOCIALIST MEMBERS of the European Parliament yesterday accused the El Salvador Government of murdering at least one person and imprisoning others, following a visit to the country by a European Socialist delegation earlier this month.

In a letter to President Jose Napoleon Duarte, two Socialist MEPs accuse the El Salvador regime of killing Sra Rubenia Cristales Flores, 61, as soon as they had left

Herr Heidemarie Wieczorek-Keul of West Germany and Mr Ien van den Heuvey of the Netherlands say: "It is evident to us that her appeal to our delegation to help in the liberation of her son was the reason for her assassination."

The MEPs say that reports from the country suggest that some prisoners may have been shot or transferred to unnamed prisons and that relatives of some prisoners were rounded up following the visit of the delegation.

In demanding an investigation into the alleged murder of Sna Christales Flores and calling for special protection for others they had spoken with, the MEPs say in their letter to President Duarte: "During the talks which our delegation had with you, you said we would be able to talk to anyone we wanted to.

"Is the imprisonment and even assasination of those people we talked to the consequence of your offer?"

U.S. energy plan 'breaks cleanly' with past policy

BY DAVID BUCHAN IN WASHINGTON

Mr James Watt

THE REAGAN Administration last week produced a 35-page document described as a national energy plan that, quite deliberately, amounts to an "unpolicy."

Its thrust, with a few exceptions, is that the federal government will henceforth sit back as a neutral referee while "the American people themselves conduct a continuing national plebiscite in the market-place on what energy they choose to produce, import, consume and save.

This free-market approach breaks "cleanly and candidly" with the interventionist policies of former Presidents Nixon, Ford and Carter, the Administration paper claims. It leaves Washington with two main tasks in the energy field.

● To put more resources from terrain owned by the federal government at the private energy companies' disposal. The 762m acres of publicly controlled lands hold an estimated 85 per cent of the country's oil, 40 per cent of its natural gas, 40 per cent of its uranium and 35 per cent of its coal.

● To put public money into "long-term research with high risks, but potentially high payoffs, such as advanced nuclear technology like breeder reactors.

Both these roles are already controversial. Mr. James Watt, the Interior Secretary who has speeded up the federal lands and offshore leasing programme, is now so unpopular with environmentalists that they hitt and boo him in public places.

Government funding of nuclear research and subsidies to synthetic fuel ('synfuels') development has come under criticism from both the political Left and Right. The Left complains that all the support will flow to the big energy companies that need no financial crutch, as opposed to the small that do, while some pure free-marketeers, including Mr David Stockman, the Reagan Administration's Budget Director, argue that the government should stay out of the energy field altogether.

The Administration is busy trying to pare back the scope of the Carter-created Synthetic Fuels Corporation under a new chairman, Mr Ed Noble, who is an Oklahoma oilman. It wants to put in very little "up front" public cash and to give loan and price guarantees instead. But already the big companies are lining up at the government's door; Exxon, Union Oil, Tosco and American Natural Resources, for instance, are now seeking some $3.5bn in federal support for oil shale and coal gasification projects.

For different reasons, the Clinch River breeder reactor project, which is the flagship project in U.S. advanced nuclear power technology, has run into trouble on Capitol Hill. Many in Congress are now unhappy that, after far outrunning its original cost and schedule, the Clinch River technology may be decades out of date when it is finally completed in the late 1080s. This is ironic, since it was only Congressional backing that kept the breeder project ticking over during Mr Carter's repeated attempts to kill it.

By contrast, the Administration's statement that the U.S. should not seek to replace oil imports "at any cost" with high-priced synfuels has been welcomed as sound common sense. It merely states that "efficient displacement" of imported oil remains an important goal, but indiscriminate subsidies to uncompetitive alternative fuels is not the proper means.

In stating that the U.S. is not, and cannot be, an energy island unto itself, the Reagan Administration is reversing a theme in U.S. policy and rhetoric present since President Nixon promised energy independence in the early 1970s. "We cannot entirely protect ourselves from disruptions in the world energy market by reducing our own dependence on imports and trying to isolate ourselves from everyone else," the Reagan paper notes, adding that any oil shocks on foreign economies inevitably hit the economic well-being of the U.S. too.

The Administration is in the happy position of being able to say this because oil imports in the first half of 1981 were 20 per cent lower than in the same period of 1980 and have come down successively from an average 8m barrels a day in 1979 to 6.3m b/d throughout 1980.

If this were not the case, U.S. allies who spent much of the late 1970's urging the U.S. to curb its import appetite might now feel very differently about the Reagan Administration's new policy. For what it is worth—and the Administration specifically says future energy projections are not worth much—the U.S. is predicted to be importing around 6m b/d in 1985, 5m b/d in 1990 and a mere 1.5m b/d by the turn of the century.

Nuclear power and synfuels aside, there are a few other holes in the new free-market energy approach. The Administration vaunts the President's decision in January to remove all price controls from domestic crude oil and petrol sales. The effect of this has been to stabilise but not to increase crude oil production—and it leaves up in the air the question of doing the same for natural gas.

The 1978 Act to phase out gas price controls by 1985 was written on the assumption that oil prices would average $15 a barrel by 1985. As a result of this miscalculation, gas prices will jump sharply in 1985 when the controls come off.

The free-market approach to energy conservation can be questioned, though clearly higher oil prices have had a dramatic effect on consumption—as the surprisingly high number of Energy Department officials who drive Japanese small cars can testify. But if conservation, like other aspects of energy, is to be left to "the continuing national plebiscite," what, for instance, is to prevent the American people in their collective wisdom from raising the present 55 mph driving speed limit to a gas-guzzling 70 or 80 mph?

India asks Moscow for £300m loan to fund alumina plant

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Government has asked the Soviet Union for a Rs 5bn (£301m) loan to enable it to establish an 800,000-tonne-a-year alumina plant at Vishakapatnam in the southern state of Andhra.

If the Soviet Union declines to provide the credit, it is likely that India will tap the Euro-currency market. There is no provision for the plant in the country's sixth five-year plan (1980-85).

India has already raised, in association with French banks, loans totalling $650m (£348m) for a 600,000-tonne-a-year alumina plant in the eastern state of Orissa.

Work started recently on the project, which is being set up in collaboration with Aluminium Picheney of France.

The Steel and Mines Ministry is anxious that work on the Vishakapatnam plant should also begin soon. The Soviet Union has offered to finance 15 per cent of the project, but this is insufficient in view of the lack of domestic resources.

The Ministry has told the Soviet Union that, if it agrees to fund the entire project, it can buy all the alumina produced from it for several years.

Such "buyback" arrangements are being made for a number of new industrial projects to overcome financing difficulties. A major example is the 1m-tonne steel plant being set up with Soviet collaboration at Vishakapatnam.

Since India's sixth plan—which involves public sector outlay of Rs 913bn (£55bn)—cannot be expanded to provide for projects proposed by many Ministries, the Government is encouraging them to look for external sources of finance. These include government-to-government loans, as well as credits from the world capital markets.

Eximbank challenges foreign competitors

By Paul Cheeseright, World Trade Editor

THE EXPORT-IMPORT Bank of the U.S. (Eximbank) is ready to battle with foreign competitors on export credit terms until there is a new international agreement to end official export subsidies.

Mr William Draper, confirmed as Eximbank's new president last week, told the U.S. Chamber of Commerce in Washington that "until our foreign counterparts agree to an adequate increase in interest rates for export credits, we will on a case-by-case basis lengthen re-payment terms" in order to meet foreign competition.

He was attempting to assure businessmen that Eximbank would remain aggressive in its financing, in selective fashion, despite lower budget authorisations for direct lending and the fact that last week Eximbank raised the level of interest rates to be charged for export credits.

Eximbank has to be self-supporting. Its direct credit interest rates have been raised to 10.75 per cent, compared with the 7.5-8.75 per cent range specified in the international guidelines as the minimum for loans and usually charged by Eximbank's European counterparts.

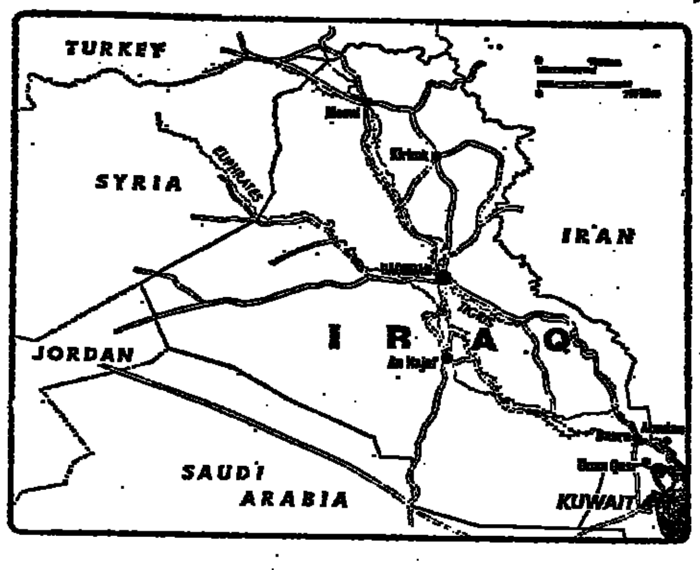
But the guidelines also specify a maximum repayment period for borrowers of 10 years. Mr Draper, however, spoke of the possibility of extending re-payment terms to 15 or 20 years for Eximbank loans.

Patrick Cockburn looks at Iraq's drive to improve its overland trade routes

Reality of war spurs road, rail development

SINCE THE START of its war with Iran, Iraq has been turned into an almost entirely landlocked country. Even when at peace, the country was limited to its two southern ports of Basra and Umm Qasr, the former suffering from severe congestion.

Today Basra can no longer be used; it is intermittently bombarded from the other side of the Shatt al-Arab waterway by Iranian guns at Abadan. This compels the Iraqis to rely on trade routes through Kuwait, Jordan, Turkey and Syria. Between Aqaba and Baghdad, long lines of lorries trundle across the narrow but passable desert road.



Since the start of the war surface transport systems have worked well, though Iraq is not revealing the extra expense of the long haul involved. The only road to become impassable is that running north from Kuwait to the west of the Euphrates River, which last December developed ruts up to the hubcaps of cars. This is now being repaired.

Freight forwarders report no difficulties in acquiring sufficient trucks. Many of the initial problems caused by the war, when cargo had to be diverted away from Basra, have been resolved. At that time, Marubeni had a shipload of cars dumped at Khorsakan in the United Arab Emirate, which was eventually brought round to Aqaba and then to Baghdad.

Nevertheless, there are still shortages of high-volume goods, such as cement and bricks, and also of steel reinforcement bars. This is the result of the accellaration of project development as much as the war. The development budget was increased for 1981 by 28 per cent to £11bn. Even before the outbreak of the conflict, the country was expecting to import some 4m tonnes of cement on top of its own nominal production capacity of 7m tonnes.

The Iraqi leadership has always been nervous of the danger posed by its narrow outlet to the sea and its generally hostile political relations with Syria. In the past, the Syrians have banned overland traffic to Iraq, closed down the oil pipeline to the Mediterranean and even cut the Istanbul-Baghdad railway, which runs through 90 kilometres of Syrian territory.

As a result, Iraq has looked for alternative shipping routes. Most of its 900,000 barrels a day oil exports now flow through the 1,000 kilometre-long pipeline through Turkey. The two oil terminals in the Gulf were severely damaged by the Iranians last December.

Otherwise, the war has not seriously hindered road communications, though routes in the far north are now frequently impeded and sometimes temporarily cut by Kurdish guerrillas.

Elsewhere, the Iraqis are pushing ahead with better roads, the most important of which is a new motorway, which should eventually link the Jordanian border to Kuwait by way of Baghdad.

The French are building a new airport at Baghdad at a cost of some £400m and another £20m is being spent on a new airport at Basra in the south.

There is also a massive project to build railways between Baghdad and Hussaiba on the Syrian border and a southern route linking the capital with the port of Umm Qasr. The first contract has already been awarded to Mendes Junior of Brazil. The aim is to build a railway network of 2,700 km of which 1,700 km will be a double track.

In Baghdad a group of British consultants have started work on a design and supervision contract for the Baghdad urban transport system. One problem is that the Iraqi capital, with a rapidly increasing population of 3.3m, is widely dispersed along the Tigris River. In the past, the high water table has prevented the construction of tall buildings and, thus, heavy concentration of population. A large number of buses and metro stations now will be necessary to meet the population's needs.

At the moment, public transport is weak. Many Government offices have their own mini-buses and coaches to pick up their workforce. The number of private cars on the street is limited by Government quota. There is often a waiting time of two years for the delivery of new cars, usually Toyotas and Datsuns, and the total number of private cars is probably less than 400,000. This is only a little more than twice the number in Kuwait, whose population is only 12 per cent of Iraq's.

It is not uncommon in Baghdad to see decrepit vehicles being nursed along by drivers at 30 miles per hour because greater speed is beyond the vehicle's capacity. The problem is aggravated by a chronic shortage of spare parts.

Overall, Iraq, mainly landlocked between the Gulf and the Mediterranean, wants not only to build up a modern transport system but also to ensure that it has a number of alternative trade routes. This will enable it in future to brush aside the hostility of one or more of its neighbours, such as Iran and Syria, by using other roads and railways.

Delhi court decision helps Hoechst drug case

BY OUR NEW DELHI CORRESPONDENT

HOECHST, the West German drug company, which manufactures several products in India, has won an order from the Delhi High Court staying the implementation of a notification of the Health Ministry under the Drugs and Cosmetics Act asking it to market the pain-relieving drug, Novalgin, under a generic name.

This is seen as the first successful move by foreign drug companies in a battle against the Indian Government's bid to force them to abandon the use of brand names to market their products. Other companies affected are also expected to take their cases to the courts.

According to the Ministry's notification, Hoechst is required to market Novalgin under the generic name of analgin from August. The notification stipulates that five popular drugs—the others are Piperazine, ...rin, Ferrous Sulphate and ...promazine—should be marketed only under chemical names, and all brand names relating to these should be abolished.

Hoechst has argued that the abolition of brand names of only five drugs is discriminatory, as the Trade and Merchandise Act allows companies to market their products under trade names.

The Government has been trying to persuade foreign companies to cease using brand names on the grounds that many Indian companies, mainly in the public sector, which make the same drug are being deprived of their share of the market. The foreign companies have stated that use of brand names helps the medical profession prescribe drugs easily and is a safeguard against the use of the wrong drugs.

Hoechst has also obtained a stay order against the fixing of the price of another drug, Boralgam, by the Government. The Government's lawyers argued that they could not disclose the basis for fixing the price since this would disclose secret information provided by other companies.

Arguments in the case are to continue on August 24.

Thai-Belgian zinc venture

BANGKOK — Belgium and Thailand have agreed to set up a joint venture industry to produce zinc for domestic consumption and export to south-east Asian countries.

Kraisri Jatikavanich, chairman of the joint Pha-daeng company said it had capital investments of $130.4m, with Belgian interests holding 30 per cent.

The rest is held by Thai shareholders, including 20 per cent by the Government.

Reuter

Philippines company in $110m equipment deal

BY EMILIA TAGAZA IN MANILA

SPAIN's Associacion Nacional de Fabricantes de Bienes de Equipo is to provide a Philippine mining company with $110m worth of equipment for a cobalt refinery and for the conversion of a nickel plant to coal power.

The contracts, granted by the Marinduque Mining and Industrial Corporation, are worth $90m for the nickel project and $20m for the cobalt project.

Sr Juan Arenas, general director of exports for Spain's Ministry of Economy and Commerce and head of a Spanish mission to the Philippines, said that 85 per cent of the two projects' total cost would be financed by Banco Exterior de Espana.

Sr Arenas said the Spanish supplier was set to firm up the negotiations with Marinduque despite the mining company's current financial difficulties. This is mainly because the Philippine Government is to provide huge sums to bail out and rehabilitate Marinduque.

The mining firm is one of the distressed companies that is being rescued by the Central Bank through its industrial rehabilitation fund.

The Central Bank has approved a total of 800m pesos ($103m) from the rehabilitation fund to restructure Marinduque's short-term loans that will mature this year and next.

Marinduque's biggest creditors, the two state-owned banks, Development Bank of the Philippines and the Philippine National Bank, have also agreed to convert into equity about 425m pesos that the firm owes them.

Spanish tourism set for bumper year

By Tom Burns in Madrid

THE NUMBER of tourists entering Spain in June was 6.5 per cent up on the figures for the same month last year.

Tourism officials yesterday predicted that the overall increase for 1981 could top 10 per cent.

Faced with a bumper summer, Government officials and hoteliers were examining block bookings by tour operators to pre-empt the possibility of overbooking during August.

Statistics released by the Tourism Secretariat showed that income during the first five months of the year from tourism stood at Pta 177.6bn (£972m), an increase of 14.8 per cent for the January-May period last year.

Spain agrees to reactor project with Portugal

BY DIANA SMITH IN LISBON

SPAIN has accepted in principle Portugal's proposals to jointly build and operate a nuclear reactor on Spanish territory.

Portuguese technicians will begin meeting with their Spanish counterparts to set up the consortium that will build and run the reactor.

One possible site is the planned Sayago complex on the Douro river 15 miles from the Portuguese border.

The idea was put forward by Portugal's energy authorities as a way of entering the nuclear power field without the high cost involved in turnkey projects with European or North American suppliers.

It has been clear for some time that Portugal will need varied energy sources because its hydro-electric reserves are highly vulnerable to the changes of climate and the massive use of coal or fuel oil fired power stations involves expensive dependence on foreign fuel.

Joint operations with Spain could allow the Portuguese to absorb nuclear technology and to receive electricity generated by the joint reactor. The amount of electricity received would correspond to the country's investment in the project.

Portugal already has an agreement with Spain covering joint safety supervision in nuclear reactors.

Reuter reports from Lisbon: A 1,000 Mw reactor would cost Portugal about Es 90bn (£742m) to build at current prices, according to Sir Joao Carvalho Carreira, Portuguese Secretary of State for Energy.

Scientific jobs 'threatened' at ICI

BY SUE CAMERON, CHEMICALS CORRESPONDENT

UP TO 750 scientific jobs at Imperial Chemical Industries could be at risk following the group's decision to rationalise its heavy chemicals research, trade unionists claimed yesterday.

ICI has told employees of plans to re-organise its heavy chemicals research sector, which employs some 2,300 people in the UK. The company admitted the move was likely to lead to job losses although, it added, that it was too early to say how many.

It said consultations with employees were expected to start in September when the reorganisation programme will begin.

Mr Roger Lyons, national chemicals officer of the Association of Scientific, Technical and Managerial Staffs (ASTMS) said yesterday he feared that up to a third of ICI's heavy chemicals research jobs were "at risk." He accused the chemicals giant of "destroying the chemical industry's research seed corn."

Mr Lyons said his union was concerned that ICI—and other major chemical companies in the UK — were beginning to move sections of their research away from Britain to continental countries.

He believed ICI's decision to reorganise its heavy chemicals research establishment was part of this trend. He warned that the company might site more of its research in Wilhelmshaven, West Germany, where it is developing a new petrochemicals complex.

ASTMS is writing to ICI's main Board today asking for details of its research spending.

"ICI has one of the biggest research efforts in Britain and this has been drawn upon—particularly in terms of trained people — by the entire UK chemical industry. But we are now concerned that ICI's research spending is going to be pared down in Britain with some of it going abroad," Mr Lyons said.

ICI yesterday admitted it wanted to spend less money on research and it wanted to spend "more selectively." The group said the aim of the reorganisation was to "improve research performance in heavy chemicals."

The group's rationalisation plans include closing down its corporate laboratory and setting up a science group which will carry out longer term research.

At the same time, ICI is planning to introduce a "unified structure" for research support services to prevent unnecessary duplication.

Last year ICI's total research spending was £212m.

The group does not break down its research expenditure but ICI's heavy chemicals research covers work for its petrochemicals and plastics and Mond chlorine divisions, which together make up a considerable proportion of its business.

Mr Lyons said last night that ICI was not planning any enforced redundancies in its heavy chemicals research sector. But, he added, a large number of ICI scientists could soon find themselves under "increasing pressure to accept voluntary redundancy."

ICI reorganisation, Page 9

BP criticises gas monopoly powers

BY RAY DAFTER, ENERGY EDITOR

BRITISH Petroleum last night launched a strong attack on British Gas Corporation's monopoly powers over gas supplies.

The oil company argued that gas was priced in a way which appeared to discriminate against industrial users. At the same time, BP said, British Gas used its monopoly position to buy supplies from North Sea producers at rates below the international value of gas.

BP's criticisms, made in evidence to the Commons energy committe, come at a time when the Government is considering ways of reducing the gas corporation's monopoly rights. British Gas is also being told to dispose of some assets including oil interests and its gas appliance business.

BP said the corporation's pricing policies induced cheap depletion of current proven fields and failed to stimulate the exploration and production of a "valuable resource."

BP said most of British Gas's supplies in the 1990s would have to be provided by expensive imports or production from domestic reserves as yet undiscovered. "The search for gas will only proceed if companies can be sure of a reasonable return on gas found."

BP argued that on economic grounds there would be no justification for holding back oil and gas production.

"Though oil prices could certainly rise further in the 1980s, it is now much less likely that the international oil price in the 1990s will be so far above today's price as to justify leaving the oil in the ground as an investment rather than producing it for subsequent investment in industry on the surface."

If there was to be a depletion policy it should be "positive, stable and clear." If the Government wished to retain production flexibility in the short term it should opt to delay the exploitation of its "royalty oil"—a taxation measure which is the equivalent of 12.5 per cent of output.

Alternatively, BP suggested the Government could restrict the amount of oil produced by companies, provided investments were safeguarded.

Telecom order for optical fibres

By Jason Crisp

BRITISH TELECOM is to instal 4,000 more miles of optical fibre in the trunk telephone network. Optical fibres are hair-thin glass fibres capable of carrying 2,000 telephone conversations. These will increasingly replace copper in telecommunications cable.

The orders, worth £15m, have been placed with General Electric Company (GEC), Standard Telephones and Cables, the UK subsidiary of the U.S. company ITT, and Plessey. The biggest orders have gone to GEC and STC.

Plessey, which makes optical fibre systems in conjunction with BICC, has only about one tenth the route length of the other two contracts which are just under 400 kms of cable, each containing several strands of fibre. BICC is building a factory in Wales to make optical fibre, in conjunction with Corning, the U.S. glass company.

Sir George Jefferson, chairman of British Telecom, said yesterday that Britain had the first national network firmly committed to using optical fibres. British Telecom expected to buy and instal at least 100,000 kilometres of fibre during the 1980s.

The latest orders for optical fibre cable are only for the trunk network. The companies were asked for tenders for the junction network which links main exchanges in local areas. Their tenders were rejected on price grounds but this order may be made later.

More banks enter small loan scheme

SEVEN MORE banks have joined the Government's guarantee scheme for small business loans. It was launched with the main English and Scottish clearing banks and the Industrial and Commercial Finance Corporation.

The new banks are the Co-operative Bank, Hill Samuel, Yorkshire Bank, Allied Irish Bank, Bank of Ireland, Northern Bank and the Ulster Bank.

BSC corporate plan delayed

SIR KEITH JOSEPH, Industry Secretary, has agreed to the British Steel Corporation's decision to delay the review of the corporate plan. This followed a meeting at the department yesterday between Sir Keith and Mr Ian MacGregor, BSC chairman.

Coal Board seeks to cut 400 jobs

THE NATIONAL Coal Board yesterday announced a cut of up to 400 white-collar jobs in its South Wales area over the next two years.

Mr Philip Weekes, area director, giving details of the plan, said the board wanted to achieve the reduction with early retirements, voluntary redundancies and natural wastage.

Almost 300,000 fires last year

FIRE BRIGADES in England and Wales last year tackled almost 300,000 fires, slightly fewer than in the previous year, according to Mr Peter Darby, the Chief Inspector of Fire Services, in his annual report.

Cash for improving countryside

THE COUNTRYSIDE Commission is offering £50,000 a year over the next three years to aid local authorities in projects aimed at improving the environment in London's Green Belt or urban fringes. This was announced in London yesterday by Mr Derek Barber, chairman, when he made public the commission's report.

Aberdeen site for oil supply base

ABERDEEN Harbour Board intends to make a major new site available for construction of a further oilfield supply base.

Proposals for the site's development will be considered from oil companies or oil service companies. The harbour has five "exclusive use" bases operated by Amoco, Chevron, Shell, Texaco and Total.

Miami air route competition hots up

By Michael Donne, Aerospace Correspondent

COMPETITION on the London-Miami air route will intensify over the next few weeks as a result of a new "give-away" offer planned by Pan American.

Subject to approval from the UK Civil Aviation Authority, Pan Am plans to give away free one first-class or one clipper class return ticket for every first-class or clipper return ticket bought.

The only conditions are that the two passengers must start from London, must travel together in both directions, and start their flights on or before September 30.

The normal Pan Am first-class return fare, London-Miami, is £1,674, and the clipper class return fare is £766.

Pan Am already faces tough competition on the route from British Airways from Laker Airways' Skytrain flights, and from Air Florida, which offers a much cheaper first-class return rate already of £798. By offering two seats for the price of one, Pan Am is effectively cutting its own first-class return rate to £837.

In another move to boost traffic on the London-Miami air route, Pan Am has cut the level of its economy-class fare to £135 single in the peak season. For an additional £16 single, the airline will offer onward flights to Fort Lauderdale, Fort Myers, Jacksonville, Melbourne (Florida), West Palm Beach, Saratoga and Tampa.

British Airways said yesterday it was studying the Pan Am plan, but had not yet made up its mind what to do in response.

● Federal Express, the U.S. package delivery service, is holding talks with British Airways on the possibility of leasing a Concorde and crews for transatlantic express package deliveries across the North Atlantic.

Mr Fred Smith, chairman of Federal Express, has been in London recently talking to BA, and the airline says the talks are "going well and are continuing."

Mr Smith's view is that rapid transport of small, highly valuable packages, either documents, bullion, spare parts or other items, is an essential and expanding aspect of international business life.

Jenkin hints at laws to protect employees' pension rights

BY ERIC SHORT

LAWS to protect employees' pension rights when they change jobs were foreshadowed yesterday by Mr Patrick Jenkin, Social Services Secretary.

Speaking in London at a conference on pension protection for people changing jobs, he said the traditional view of company pension schemes as a reward for loyal service meant huge penalties for employees who changed jobs.

This view was being challenged by the public. He said that unless employers responded quickly to that challenge the pressure on the Government to legislate to end discrimination would become irresistible.

Mr Jenkin discussed the need to encourage optimum job-mobility and the freeing of the labour market, especially at middle and upper management levels. He said this would make a significant contribution to the UK's economic recovery.

Company pension schemes at present, however, put people "in thrall to their employers," clogging the working of the labour market and contributing to the country's dismal economic record.

He said the Government was reluctant to introduce laws unless forced, because it did not want to add to employers' costs and preferred employers to find a solution suitable to their own particular scheme. He said, however, that public opinion could force the Government to act.

Mr Jenkin drew attention to his announcement in Parliament on Tuesday of measures to stop abuse of the contracting-out arrangements of company pension schemes.

At present companies could gain substantial financial advantage at the expense of the National Insurance Fund. Because of the combination of high interest rates and low stock market prices, companies could cease to contract-out, buy back into the State scheme on attractive terms and then contract-out almost immediately.

He proposed to introduce laws, operative from Tuesday, to empower the Occupational Pensions Board to cancel a new contracting-out certificate in cases where provisions were being exploited.

Twelfth Report, Committee of Public Accounts, Session 1980-1981, Commons Paper 318, SO £3.90.

Contract profit margin disputed

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE COMMONS Public Accounts Committee yesterday issued an exchange of letters in which Mr Peter Emery, Conservative MP for Honiton and chairman of Shenley Trust Services, disputed a committee statement that Shenley made a 70 per cent profit in a Scottish contract with the Manpower Services Commission. The contract involved the setting up of an underwater training centre in Fort William.

The committee said that following representations by Mr Emery to itself and the Comptroller and Auditor General about the committee report on the centre last January, it had decided "in fairness to all concerned" to publish the exchange. It added that no further action was proposed.

Mr Emery said that in its inquiry the committee "had not been provided with all the necessary financial information. Because of this certain assumptions had been made which were entirely untrue about the percentage profit obtained from the contract between the Manpower Services Commission and Shenley."

He said the profit worked out at under 14 per cent because major expenses by Shenley to prepare a feasibility study, final costings, and collection of evidence were not reimbursed. These amounted to over £144,000.

The committee report in January noted that attributable costs by Shenley were £270,000 and the fee paid equalled £209,000.

A further letter from the Comptroller and Auditor General to Mr Emery said there was no documentary evidence to support his contention that the manpower commission knew that Shenley had undertaken major expenses in preparation for the feasibility study.

The Commons committee then wrote to the Manpower Services Commission querying the background to the negotiations.

The chairman of the Manpower Services Commission said: "There was no evidence to suggest that Shenley Trust Ltd gave or offered to give an estimate of the costs incurred in preparing their feasibility study." The company sought a "start up" fee of £25,000 but after negotiations this figure was reduced to £10,000.

Scarman inquiry plans announced

LORD SCARMAN has announced that public hearings on Phase 2 of his inquiry will begin on Wednesday September 2. They will be held in the Hoare Memorial Hall, Church House, Westminster, London SW1. The times of sitting will be 10.00 am-12.45 pm and 2.00 pm-5.00 pm.

Lord Scarman will look at the causes of the Brixton disturbances, viewed in a national context. He will focus on the policing of multi-racial communities. The bulk of the second phase will be conducted on the basis of written evidence and submissions. The Commission for Racial Equality will be represented during this phase.

Bankrupt Stern assessed

By Ray Maughan

MR WILLIAM STERN, the former property magnate, has received subsidies and income which together amount to over £96,000 since he was declared bankrupt in May 1978, the Official Receiver calculated yesterday. Mr Stern's debts now total more than £118m.

Questioned in the Bankruptcy Court, where he is applying for a discharge of bankruptcy, Mr Stern agreed that the annual mortgage of £5,500 on his home in West Heath Avenue, Golders Green, North London, was paid by the trustees of his father's estate. The payment, as Mr John O'Reilly, the Official Receiver, suggested, was a subsidy to Mr Stern.

His consultancy fees for his work for three limited companies over the three years amounted to £76,750 which, after deductible expenses, left a taxable income of £58,830 on which he had paid tax of £19,423. That left £39,470 which, as Mr O'Reilly pointed out, was the equivalent of about £13,000 per annum or some £250 per week.

Mr Stern said that he was still retained as a consultant to two companies.

He spoke of the "stigma of continuing bankruptcy" which had made it "impossible to try legitimate and rational expansion of my business.

"I hope to be able to expand the scope of my activities, when I am free and do not have a stamp which, in the commercial world, is a disabling stamp," he said. "Discharge would be extremely valuable."

His application is opposed by three major creditors — The Crown Agents, which is owed £38.64m; Keyser Ullman, the merchant bank recently acquired by Charterhouse Group; and First National Bank of Chicago.

The creditors have filed affidavits which were heard in court yesterday before Mr Registrar Dewhurst.

An affidavit filed by Mr Donald Chilvers, a partner of Coopers and Lybrand, asserted that Mr Stern "contributed to his bankruptcy through his rash and hazardous speculation which contributed to the downfall of his companies."

The hearing will re-convene tomorrow.

Tax dodgers deprive Revenue of £4bn

BY DAVID FREUD

THERE IS a real danger of tax evasion becoming morally and socially acceptable, a Parliamentary select committee warned yesterday.

The Public Accounts Committee said in a report that the Inland Revenue should be seen to be making strenuous efforts to contain and reduce the "black" — tax-evading — economy.

The committee accepted the Revenue's estimate of £16bn—or 7½ per cent of gross domestic product—for the black economy, which implied the loss of about £4bn of potential tax revenue.

The Revenue told the committee that it was concentrating its attack on the black economy in those areas which were most cost-effective and produced direct returns of four to 18 times the staff costs incurred.

But the committee argued that the problem was not purely one of returns. "Of perhaps greater consequence is the likely effect on standards of compliance generally.

Morally acceptable

"With the black economy already so pervasive, it seems to us that there is a real danger of tax evasion coming to be regarded as socially and morally acceptable, with consequences spreading beyond the limits of the present black economy."

Beyond its call for more strenuous efforts to control the black economy, the committee came to few firm recommendations on tackling the phenomenon.

It trusted that the Rvenue would not overlook any desirable legislative changes and it welcomed the assurance that the tax authorities would seek new powers to deal with particular situations if necessary.

Specific recommendations were made to control one area —workers who pretend to be employed on a casual basis through the adoption of aliases.

The committee said that above a minimum earnings level of about £50 all casual workers should be required to provide evidence of identity in the form of their National Insurance numbers.

Unattractive

Commenting on the MP's report, Mr Walter Goldsmith, director general of the Institute of Directors, said: "We have a large black economy because it is still far too unattractive for many aspiring entrepeneurs and businessmen to operate within the British tax system. What we need from government, MPs, employers and workers is a new enterprise culture and not a new army of tax officials.

"The Government should positively encourage those in the black economy to surface by offering more attractive incentives such as tax relief for those moving into self employment.

"The Government should also tax the spending power of those in the black economy by a much more radical transfer of the burden of direct taxation to indirect taxation.

"Employers could also help by not discouraging their employees from taking part-time extra work as self-employed, which would generate new businesses and eventually create job vacancies in salaried employment."

1866 Wisden fetches £420

A COPY of Wisden, the 1866 edition, sold for £420 at Phillips' yesterday in a sale of cricketiana and other sporting memorabilia which also included 14 polo sticks selling for £65. Also at Phillips', a miniature of a

SALEROOM

BY ANTHONY THORNCROFT

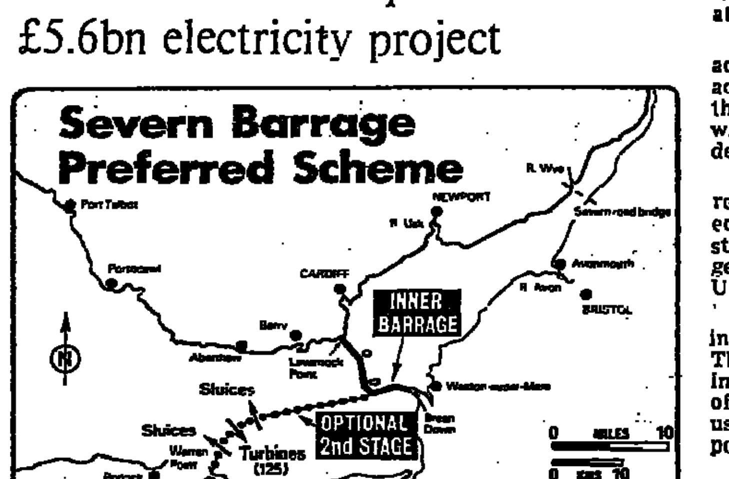
lady by George Engelheart which made £420 in the same saleroom in 1972 realised £1,750 yesterday.

At Christie's the top price was the £4,200 for a George II oval cake basket by S. Herbert in a silver sale. Koopman, the London dealer, bought a parcel gilt table in neo-classic taste made by Elkington and Co. around 1870 for £4,000.

Sotheby's was selling modern first editions. A presentation copy of Hemingway's In Our Time sold to the New York dealer, House of Books, for £1,900 and a corrected edition of the privately printed Night and Day by Isaac Rosenberg made £1,800.

Severn Estuary's tidal power can be harnessed, says report

Martin Dickson reports on the £5.6bn electricity project



IT'S AN IDEA which has gripped the imagination of engineers for decades — to harness the energy produce by the rise and fall of tides in the Severn Estuary, one of the world's best sites for tidal power.

The publication yesterday of a major report into the feasibility of building a barrage across the Severn Estuary, suggests the idea may be possible.

The report, drawn up for the Energy Department by a committee under Sir Hermann Bondi, concludes that it would be technically feasible as well as economical, to generate electricity from the Severn.

The scale of the project would be immense. The barrage would cost £5.6bn (at 1980 prices) and employ a labour force of 21,000 for periods of up to 10 years.

The report considers two main sites for a barrage—an outer one from Minehead to Aberthaw and an inner one, running between Brean Down, near Weston-super-Mare, and Lavernock Point, between Barry and Cardiff.

It says the inner one would be the most cost effective. It would produce about 13 terawatt (million million watt) hours of electricity a year — about 6 per cent of present demand — from an installed capacity of 7,200 MW.

A second stage, not immediately economic—could be added later. This would involve building a dam from a point on the inner barrage, near Brean Down, to just east of Minehead, and would exploit the full energy potential of the estuary.

The barrage would consist of embankments linking the shore to a series of large pre-formed concrete structures, called caissons, which would provide the centre of the power generating system.

The caissons, which would be floated into position, would house the turbo-generators, to convert the flow of water into electricity, and the sluice gates, which would be needed to let water in or out of the enclosed basin.

The locks would be built into the barrage to give ships access up the Severn to ports such as Bristol, Cardiff and Newport.

The barrage would have other social and environmental effects which, the report says, cannot be clearly assessed without further study.

For example, the water levels along the Severn will be changed, affecting the habitat of wading birds and wildfowl. The Severn Estuary is internationally important as a wintering ground for five species of wading bird.

Large numbers of salmon also migrate up and down the river. The report suggests that the barrage should not present too many problems on this front.

The construction of a barrage could also have a significant impact on the tourist attractions of the estuary, particularly since the tidal range upstream of the barrage would be considerably reduced. At Weston-super-Mare, for example, much less of the beach would be uncovered at low tide.

But there would also be positive recreational effects such as the reduction of tidal currents in the estuary allowing greater opportunities for boating.

The scheme's greatest attraction is that, once constructed, it would have a very low operating cost.

There is, however, one disadvantage. It can generate only according to the tidal cycle and this will not always coincide with periods of high electricity demand.

The barrage would only reduce by about 1,000 MW—the equivalent of one nuclear power station—the total amount of generating plant needed in the UK.

The main advantage in building it would be to save fuel costs. The Central Electricity Generating Board could reduce its use of conventionel power stations using high-priced coal by using power from the barrage.

The economics of the barrage, therefore, depend on the extent to which the UK will rely for its power on expensive coal-fired stations or nuclear plant, with lower running costs.

After considering a range of assumptions about future fuel costs and the composition of the UK's generating capacity, the report concludes that investment in nuclear power gives a better benefit-to-cost ratio.

But, it adds, considerable uncertainty still surrounds the cost of nuclear power in the UK and that this could become less attractive. In these circumstances, investment in tidal power would be economically attractive.

Because of its cheap running costs, the barrage could provide valuable insurance against a future in which energy—nuclear included—became extremely expensive. There might also be some merit in increasing the diversity of the UK's generating plant to improve security of supply.

The committee's conclusion is that a barrage would be a "valuable insurance against the blackest kind of energy future" and that it would be unwise for the Government not to proceed with a more detailed acceptability and preliminary design study, costing £20m over four years.

The Government is keping quiet, allowing a period of several months for public debate on the report. Even if the new study does go-ahead, there must remain doubts of a full-scale project getting the go-ahead.

Not the least of any Government's worries will be the poor record on Britain's large construction sites. The Thames Barrage is two years behind schedule, has been dogged by labour disputes and has seen its costs soar dramatically in seven years.

Changes urged in law on disabled

BY LISA WOOD

PROPOSED CHANGES in the law governing the rights of disabled people, including the abolition of the quota system in employment, are published today by the Manpower Services Commission.

The commission has recommended to the Government that existing legislation obliging employers with 20 or more employees to engage a 3 per cent quota of registered disabled people be replaced with more general rules.

These would make it a duty of employers to take reasonable steps to promote equality of opportunity for disabled people. The proposed legislation would be linked to a code of practice giving employers practical guidance.

The review has already provoked widespread criticism from pressure groups such as the Disability Alliance and the Low Pay Unit.

Both accept that the quota system is ineffective. But they seek a strengthening of its provisions.

The alliance said: "Abolition of the quota would further threaten the already gloomy employment prospects of disabled people."

Some 460,000 people are registered as disabled, of whom some 15.7 per cent were registered as unemployed in May, compared with 10.4 per cent for the population as a whole.

The quota system, established in 1944, is seen by many as unworkable. One reason is that relatively few disabled people are registered as such. As a result, if every company wanted to fulfil its statutory obligation, the number of people on the register would prove insufficient.

Call for health spending accuracy

BY GARETH GRIFFITHS AND LISA WOOD

THE DEPARTMENT of Health and Social Security needs to ensure that its expenditure projections are more accurate and that future policy changes should be tested more rigorously before becoming the basis of spending plans, says the House of Commons Social Services Committee in a report published yesterday.

The department accounts for nearly 40 per cent of Government public spending.

Civil servants drawing up next year's Public Expenditure White Paper should aim at "achieving more realism in the figures for the personal social services the committee says.

The report highlights the time lag in drawing together information for the Public Expenditure Survey Committee.

Studies of DHSS policy options should be published more regularly. Information on the various local personal social services in different parts of the country should be made public.

The Department should find a way of measuring expenditure and staff savings resulting from improved efficiency.

The committee's report points out that the improvement in efficiency in certain parts of the Health Service and the fall in relative costs for acute and maternity services during the late 1970s.

The committee recommends that the Government should "give even more serious consideration" to the possibility of re-deploying the existing costs of unemployment to create job opportunities.

One witness to the committee had estimated that the net cost of providing low paid jobs for 250,000 of the unemployed would be about £56m—or less than a half of 1 per cent of Social Security expenditure in 1980.

IBA gives £20m to Welsh TV service

BY ROBIN REEVES

THE Independent Broadcasting Authority is to make £20m available to the Welsh Fourth Channel Authority (S4C) to launch its Welsh language television service in November next year.

The cash advance, for the period up to March 30, 1983, will enable S4C to plan and commission programmes from the independent television sector for the start of the 22-hour Welsh-language service.

It will pay for the 12 hours to be provided by Harlech Television and independent producers, plus the initial investment and running expenses of the Welsh authority.

The BBC is expected to earmark a comparable sum from its licence revenue to finance the other ten hours broadcasting, including provision of the news service in Welsh.

The new Welsh service will be combined with rescheduled programmes from the English Fourth Channel output in the rest of the UK. The IBA itself will be raising the £20m through a subscription on all ITV companies — the same method being adopted to fund the Fourth Channel launch in the rest of Britain.

Earlier this year, the ITV companies complained bitterly at the imposition of this additional subscription, arguing that, with their future revenues uncertain, it could prove to be ruinous.

They suggested the cost of the Welsh service should be met from public funds. However, this was bluntly rejected by Mr William Whitelaw, Home Secretary, who said the new arrangements must be given a chance to work.

● James McDonald adds: A return to concentrating on programme-making, after the uncertainty of the "year of the ITV franchises," is urged by Lord Thomson of Monifieth, chairman of the Independent Broadcasting Authority, in the IBA's annual report.

"One of the disadvantages of the whole franchise process as established now by successive parliaments and governments over a quarter of a century is that — while it lasts — there is a considerable distraction and diversion of energy from programme-making to corporate survival."

Everyone in the IBA system now must settle down to the main task of providing a "first-rate programme service to as many people in the country as possible."

Independent Broadcasting Authority, 1980-81 annual report, SO, £2.

End in sight for miseries of Civil Service dispute

Rosemary Burr reports on how delays to VAT refunds and other payments have hit farmers and exporters

THE END of the civil service dispute will come not a moment too soon for many of the country's farmers and exporters who have faced a heavy financial burden because of the halt in VAT refunds.

Since March 12 the strike at the Customs and Excise computer centre in Southend has blocked the 10,000 claims for VAT repayments received daily. Most of them come from businesses selling goods which are zero-rated for VAT—they are technically taxable but the rate paid is zero.

Exporters which do not charge their overseas customers the tax also form a sizeable proportion of claimants. These companies have continued to pay VAT to their suppliers throughout the strike.

In the financial year 1979-80, 2.56m claims were made for repayments totalling £4.54bn. There are about 1.3m registered traders who pay VAT and of these, about 400,000 get repayments.

The Confederation of British Industry said the strike has had "a serious impact on some businesses but it would be an exaggeration to say it is having a crippling effect on industry as a whole."

The majority of companies are net payers of VAT and some have enjoyed what amounts to a tax holiday as a result of the strike. However, arrangements have been made for companies to pay their VAT and most large businesses appear to have kept their payments up to date.

One of the main casualties of the strike is the agricultural sector. The National Farmers Union said: "Farmers have special problems. They are the biggest group of zero-rated traders. Some 42 per cent of repayment traders are agricultural, including some fishermen." Normally, about £50m a month in VAT repayments are made to the agricultural sector.

The Government's attempt to soften the blow by allowing companies to offset their PAYE tax and National Insurance contributions against VAT repayments has been of "only limited use" to farmers, according to the NFU. It points out British farming is no longer labour intensive, so few farmers now pay substatnial amounts of either PAYE or national insurance.

Many farmers have also suffered from another consequence of the civil service strike—the stopping of funds from the Intervention Board for Agricultural Produce. Under normal circumstances the board pays farmers export refunds on some goods sold outside the EEC and monetary compensatory amounts on trade between community members. Intervention payments and other subsidies are also disbursed.

As a result of the strike at the Ministry of Agriculture's computer at Guildford, which began on May 19, some £100m has been withheld. Until yesterday it appeared there was very little chance of the bulk of this money being disbursed.

On Wednesday, however, a High Court judge ruled that the board should pay nearly £4m in subsidies to eight exporters, which represented 85 per cent of the money due to them.

Since the strike the intervention board has paid out about £2m to around six businesses which were in imminent danger of failure after union agreement had been sought.

Mr Monty Baker-Munton, chief executive of Munton and Fison, has had direct experience of these problems. This company, which employs just over 200 people, makes malt which it then sells to brewers, distillers and food manufacturers. In the year to last September, the company sold goods worth £18m, of which £5.3m were exported.

Munton and Fison has benefited from the Government's willingness to allow companies to offset certain tax payments against VAT repayments, but has been upset by the failure of the intervention board to pay it the £460,000 owing since the start of the strike. As a result, the company's overdraft is much higher than it would have been, as is its interest bill.

The other main group adversely affected by the civil service strike is Britain's exporters. Mr Robert Cooper, chairman of Coopers (Metals), scrap steel processor and merchant, explained his predicament.

"With the steel industry, in the UK particularly, in recession it is vital to maintain export levels to keep people employed. But the 15 per cent VAT is far in excess of our gross profit so that it is essential for us to be able to reclaim our VAT promptly."

About 50 per cent of the company's turnover is sold overseas and exports are currently running at "in excess of £25m a year." By the time the VAT repayments are made Coopers says the debt could be well over £1m. No surprisingly, Mr Cooper feels strongly that the Government should agree to pay interest on unpaid VAT.

Mr Cooper said: "Normally both locally and at the Southend computer centre, the VAT staff are extremely co-operative.

But as the Government through section 14 of the 1980 Finance Act provided the Customs and Excise with the ability to apply to the courts for ½ per cent per day—that is 182½ per cent per annum—interest on unpaid VAT then the least the Government can do is to reimburse all exporters with their lost interest.

"It is the exporters who provide the balance of payments with which to employ the Government and its servants."

The question of interest on overdue VAT repayments is a recurrent demand among exporters, some of whom have had to turn to more expensive providers of finance than clearing banks to top up their overdraft in the wake of the civil service strike.

The CBI, too, is concerned, and said it has pressed the Government in vain on this point only to be told it would be administratively difficult.

Many industrialists, unwilling perhaps to be seen providing ammunition for the strikers, have kept fairly quiet on the impact of the strike but this low-key approach may change. One company chairman said: "Whoever said 'export or die' should have rephrased it 'export and die.'"

Robert Owen International, manufacturer and exporter of machinery to recycle waste lubricant oil into fuel oil, is actually suing the Customs and Excise for VAT owed.

On May 20 the company served a writ on the Customs and Excise for £31,000 — the VAT owed for February and March. After a preliminary hearing on July 15 the case was postponed until October.

Mr Robert Owen's company, Waste Lubricating Oils, suffers from what could be called the "zero VAT rating syndrome." WLO buys waste lubricating oil with a 15 per cent VAT rating and processes this into fuel oil, which it sells to British industry and which is zero rated. So the company has been paying sales tax on its inputs while not recovering any of this on its subsequent sales.

Clearly, the vast majority of companies have escaped unscathed by the strike and many small companies appear to have used the money earmarked for the tax man to avoid incurring higher costly overdrafts and augment their cash flow.

Mr Tim Moulds, of the Industrial Commercial and Finance Corporation, which specialises in lending to small businesses, thinks many companies at the end of the strike may have to go cap in hand to their bankers and, like Oliver, ask for more.

He quoted two cases of small companies where the amount of tax due was more than 20 per cent of the level of the company's overdraft.

Tool industry producing at 'starvation levels'

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE MACHINE tool industry is currently producing at "starvation levels," said Mr Pat Gailey, president of the Machine Tool Trades Association in a speech in London yesterday.

He warned that unless the Government takes action to reverse its freeze on capital spending, companies would continue to go out of business and redundancies would continue at last year's level.

Although first quarter 1981 figures showed that machine tool orders were 6 per cent up on the previous quarter, Mr Gailey said this was "entirely due to some increase in export orders bought at the expense of manufacturing margins simply to maintain a nucleus of employment within the industry."

He added that it was important for Government ministers to understand this upturn if they were seeing the industry as a barometer of the economy.

PWR inquiry chairman

BY MARTIN DICKSON, ENERGY CORRESPONDENT

SIR FRANK LAYFIELD QC has been appointed by the Government to head a major public inquiry into plans for Britain's first nuclear power station of the controversial pressurised water reactor (PWR) design.

Sir Frank, a Recorder of the crown court since 1979, was chairman of the committee of inquiry into local government finance from 1974-76.

The Central Electricity Generating Board plans to build Britain's first PWR at Sizewell, on the Suffolk coast. A public inquiry into its application is planned in the second half of next year and will be a major review of Britain's nuclear power strategy.

The PWR is particularly controversial because a reactor of this type—though not the specific design planned for Sizewell—was involved in the Three Mile Island nuclear accident in the U.S.

Mr. David Howell, the Energy Secretary, said: "In considering whether the proposed power station should proceed, I will take into account the economic, environmental and safety aspects which would be involved, as well as planning aspects."

Cost-benefit analysis for radiation protection

BY DAVID FISHLOCK

THE National Radiological Protection Board today recommended the use of cost-benefit analysis in protecting the public from nuclear radiation.

This would mean concentrating cash and resources preferentially on the so-called "critical groups" who receive more than the average amount of man-made radiation.

The board, the Government's watchdog on public exposure to radiation, has provided a mathematical basis for calculating the allocation of resources where they would do greatest good. Its starting point is the contention that, at the very low levels of individual exposure to radiation from the activities of the nuclear industry in Britain, the risk is so low that people would not expect to be compensated.

With this as its base line, the Board recommends a cost to be assigned to radiation doses received by the public, for direct comparison with the cost of reducing the dose, for example, by more shielding.

The Board also advises on costs to be assigned to the radiation exposure of future populations as a result of present-day nuclear industry practices.

Opponents of nuclear power have already attacked a consultative document on cost-benefit analysis published by the Board early last year and are likely to fiercely contest this line at the Sizewell B public inquiry next year. The Board claims its analysis has won strong support from economists and academics.

Inspiration for its studies of cost-benefit analysis came from the International Commission on Radiological protection in 1977. The ICRP, an international scientific group whose advice on radiation standards is accepted by most governments, recommended a system of dose limitations.

Britain is the first country to attempt to draft guidelines for nuclear designers based on a cost-benefit analysis.

Cost-Benefit analysis in optimising the radiological protection of the public: a provisional framework. ASP 4, published by HMSO, 20p.

Labour NEC drops Ulster referendum

By Margaret Van Hattem, Lobby Staff

ULSTER PROTESTANTS would no longer have the right to veto moves towards the reunification of Ireland, according to a policy statement approved overwhelmingly yesterday by Labour's National Executive Committee.

The move represents a substantial defeat for Labour members with Unionist sympathies, who succeeded earlier this month in inserting into the draft policy statement a clause calling for a referendum in Northern Ireland on the issue.

This would almost certainly have led to a rejection by the Protestant majority in the Province.

NEC members who argued yesterday that provision for a referendum made "nonsense" of Labour's commitment to a united Ireland carried the day, and an amendment dropping the referendum clause was carried by 20 votes to two.

Consent

The document now simply calls for "consent" among the people of Northern Ireland, but does not specify how their consent should be ascer-

However, the new policy statement is expected to meet substantial opposition from trade unionists, in particular the Transport and General Workers' Union, which has substantial Northern Ireland protestant mebership, at the party's annual conference in September, and could yet be overturned.

The Unionist sympathisers were also defeated, though more narrowly, in a move to extend the party's organisation to Ulster.

They had argued that since the province was currently part of the UK, and represented at Westminster, the party ought to be represented there.

Those opposing them argued that to establish branches in the province would directly contravene the party's commitment to reunification.

A move to support any steps originating in the province to set up a non-sectarian Ulster Labour Party was carried on the casting vote of the acting chairman, Dame Judith Hart.

Moscow

At the same meeting, Mr Michael Foot, the party leader, was defeated in an attempt to postpone until after the party conference a full discussion on the party's unilateralist policy on defence.

Mr Foot, who announced he would go to Moscow in September, where he plans to discuss nuclear disarmament with Soviet leaders, has asked for the discussion to be postponed until his return.

He was defeated, and the NEC went on to reject by 14 votes to three a series of amendments, tabled by the deputy leader, Mr Denis Healey, and backed by the Shadow Cabinet.

These would have removed the commitment to unilateral nuclear disarmament while calling for joint UK/U.S. control over any U.S. nuclear bases in Britain.

Dockyard closure 'poses no risk'

BY IVOR OWEN

NO UNACCEPTABLE risk will arise for Britain's nuclear submarines through the loss of refitting capacity when Chatham dockyard closes in 1984, Mr Peter Blaker, Minister of State for the Armed Forces, assured the Commons last night.

Concern about anxieties recently expressed by Vice-Admiral Sir William Pillar, the Chief of Fleet Support, was voiced by Opposition leaders and by Government back benchers during a debate on the Royal Navy.

Mrs Peggy Fenner (C., Rochester and Chatham)—one of five Tory MPs who voted against the cuts in the Navy announced in the latest defence review—repeatedly questioned the minister about the implications of the loss of nuclear refitting capacity at Chatham.

She recalled that Admiral Pillar had told a Commons select committee that he would not pretend that the Government's programme was "without risk."

Mrs Fenner pressed the Minister to "come clean" with Parliament and to quantify the element of risk that was involved.

Mr Blaker admitted that there was a risk but claimed that this was mainly linked to the possible effect of industrial disputes when only two yards—Devenport and Rosyth—instead of the present three were available to refit the Navy's Hunter killer and Polaris nuclear submarines.

When challenged by Mrs Fenner he insisted: "The only risk I have been able to identify is bad industrial relations."

He contended that such a risk was inevitable regardless of the n umber of dockyards, as the current civil service dispute, which had caused delays in refit programmes, demonstrated. Mr Blaker stressed: "I believe that the risk, such as it is, is one which we should be prepared to accept."

The minister explained that the introduction of longer life cores for the reactors in nuclear submarines and experience and improvement in the performance and durability of submarine equipment and materials meant that it was possible to extend the interval between refits by 10 per cent for the older classes of submarines and 20 per cent for the new Swiftsure class.

"This will have a significant effect in reducing the demands made on the dockyards," he said.

Mr Blaker emphasised that a sizeable investment had already been made in modern nuclear refitting facilities at both Devonport and Rosyth. Some £85m had been spent at Devonport on the building of a new submarine refitting complex which would allow work on three submarine refits to proceed at the same time.

Mr George Robertson, who opened the debate from the Opposition Front Bench maintained that the risk in concentrating the navy's nuclear refitting capacity in two dockyards could not be denied.

He warned that it would be impossible for a future government to reserve the reduction in the navy's shore support, and claimed that the cuts in the surface fleet, amounted to "butchery."

Mr Robertson argued that Mr John Nott, Defence Secretary, had inflicted more damage on the Royal Navy in a single operation than had ever been achieved by Britain's enemies.

In so doing, he had dealt an enormous blow to the morale of the senior service because of the Government's obsession with prolonging the life of the nuclear deterrent through the horrendously expensive Trident system.

Split Commons committee seeks big cuts in trade union rights

BY ELINOR GOODMAN

THE CONSERVATIVE majority on the influential Select Committee on Employment yesterday called for a major curtailment of the immunities now enjoyed by trade unions. Union funds, they said, should be exposed to suits for civil damages which could run into millions of pounds.

The committee—comprising five Conservative and four Labour MPs—was split right down the middle on the fundamental question of the legal privileges of unions.

But the Conservative majority took the vie wthat a further far-reaching reform of the trade union law was essential and that new legislation should be introduced as soon as possible.

They called for legislation to compel unions to ballot their members before calling a strike, together with further action to curb the closed shop,. and an increase in the compensation paid to workers sacked for not belonging to a union.

Their demands will add to the pressures on Mr James Prior, the Employment Secretary, to go further than he personally seems to want in the next session.

The majority report also suggests that, even though the Tory back-bench 10-minute rule Bill on the closed shop failed to get through the House yesterday, Conservative MPs interested in the unions are not prepared to let the matter of trade union immunities drop.

The Labour minority on the committee led by Mr John Golding, their chairman, took a diametricaly opposite view.

John Golding: move could cause "serious tensions."

They warned that the Conservatives' recommendations could cause serious tensions, and yesterday Mr Golding claimed that the Conservative proposals were part of a campaign "orchestrated by 10, Downing Street." Certainly, the reports' majority recommendations would sem to be closer to Mrs Thatcher's views than Mr Prior's.

In their minority report, the Labour MPs recommended the repeal of the Conservative's 1980 Employment Act and claimed Lord Haisham, the Lord Chancellor, as an ally in arguing that, at present, there was neither the consensus nor the demand for further major changes in the trade union law.

Despite their very different views on the degree of protection which unions should enjoy, the two sides did—with only one dissenting Conservative voice—agree that it would be wrong to replace the existing system of immunities with a framework of positive rights for unions.

They also agreed that, at present, there is considerable confusion surrounding the whole question of the legality of political strikes. And they urged the Government to issue a statement spelling out the present state of the law.

Specifically, they recommended:

- Immunities should be forfeited whenever industrial action takes place before the agreed procedure has been exhausted.
- Unions should be allowed to preserve their immunities where they could show that they used their "best endeavours to restrain their members."
- The publication of a consultative document setting out the Government's plans for dealing with strikes in emergency services.
- Provision for automatic ballots before a strike is called without a ballot unions would lose their immunity.
- Action to stop the extension of the closed shop.
- The making of "union only" labour contracts unenforceable.
- An increase in the level of compensation paid to workers sacked for not belonging to a union.

Fillip for Prior's approach to closed shop

By John Hunt, Parliamentary Correspondent

MR JAMES PRIOR, Employment Secretary, received strong backing in the Commons yesterday for his "softly, softly" approach to further legislation on trade union reform and the closed shop.

Mr Ivan Lawrence (Con., Burton) tried to introduce a Ten-Minute Rule Bill to give workers the right not to join a union in companies which operate a closed shop agreement.

His proposal was rejected by a majority of 22 (136-114) which means that less than half the 336 Tory MPs voted for it.

The Bill was supported by the Liberals including Mr David Steel the Liberal Leader, and by two Social Democrats, Mr Neville Sandelson (Hayes and Harlington) and Mr Tom Ellis (Wrexham).

Mr Prior has been under pressure from Right-wing Consevatives to intoduce further legislation in the autumn to tighten up on the closed shop. The result of yesterday's vote strengthened his hand in arguing for a moderate approach.

A Ten-Minute Rule Bill stands no chance of becoming law but it is generally used as a means of testing opinion in the Commons on a contentious issue.

Mr Lawrence told the House that his Bill was not intended to make the closed shop illegal.

"It doesn't seek to destroy the animal but seeks merely to draw its venom," he said.

It would give the fundamental right of free association by stating clearly that everyone should have the right to join or not to join a union.

Mr Lawrence, who is a barrister, was repeatedly barracked by Labour MPs shouting: "What about the lawyers' closed shop?"

He argued that his Bill represented a "sensible and moderate" approach. Under his proposal a union agreement would be void in law and a dispute over the closed shop would be decided by a judge.

This was almost identical, he said, to one of the proposals in the Government's own consultative document on union reform.

A vote for the Bill would show that the Commons agreed about freedom and was determined to do something to make sure that it applied in industrial relations.

The Bill would give effect to the European Convention for the Protection of Human Rights.

"My own is not a voice crying in the wilderness," said Mr Lawrence. "There is universal and overwhelming support for further action."

Opposing the Bill, Mr Kevin McNamara (Lab, Hull Central) said the closed shop issue could not be separated from social and working conditions.

The Labour Party believed the British working people had made advances by virtue of their collective will and purpose.

The Bill would escalate conflict in industry and allow a "free ride" to workers not prepared to accept their responsibilities.

It would be a recipe for industrial choas and more unemployment, he said.

Lords revolt on Gibraltar status

FINANCIAL TIMES REPORTER

TORY PEERS inflicted a defeat on Ministers yesterday by voting to give Gibraltarians full British Citizenship.

The revolt, during the Committee Stage of the British Nationality Bill, came despite a warning from Lord Soames, Lord President of the Council, that if others pressed for special Gibraltar-style treatment, Britain would face a "new and very serious" situation: "a wholly new immigration commitment of very susbtantial proportions."

Ministers said later that the vote will be examined before a decision is made on whether to try to reverse it later in the Commons.

It seems, however, that an immediate decision will not be needed. It is unlikely that the Nationality Bill will become law before MPs return in October for a "spillover period," so the Government may simply decide to take no action.

An attempt to prevent the people of Gibraltar from becoming British citizens in accordance with the Lords vote would face severe opposition in the Commons. This would almost certainly include a repeat revolt on the Tory back benches.

But the issue will be examined for its domestic and international implications.

This will include an assessment of the likely response in Spain, and whether a reversal of the Lords decision will make an eventual Gibraltar settlement easier.

Ministers argued that if an exception was made for Gibraltar — even if only a few thousand people were involved — the same concession would be demanded for Hong Kong, where several millions might be involved.

But Mr Albert McQuarrie (C, Aberdeen E), who led an earlier, and unsuccessful Gibraltar revolt in the Commons, said: "I am confident that if the government were to oppose this change in the Bill, they would now be defeated by MPs."

Public spending watchdog plans extra staff

BY GARETH GRIFFITHS

THE Comptroller and Auditor General's Department, parliament's main public expenditure watchdog, plans to expand its 700 staff by 5 per cent a year and is considering greater use of private sector accountants.

Sir Douglas Henley, the Comptroller and Auditor General, who retires this summer, yesterday summed up his experience to the House of Commons Public Accounts Committee.

He said that in future he hoped the balance of the CAG's office work would switch from the financial side of accounting to value for money accounting. The work of the CAG had acted as a stimulus for departmental efficiency, he said, although there was a need for a lot of flexibility.

But although Sir Douglas said he had access to all Government papers, he told the PAC that in presenting these papers he had to take into account the balance between Parliament's right to know about public finance and the public interest and possible confidentiality of Government projects.

Outlining this screening role, Sir Douglas said that in the example of Ministry of Defence equipment procurement policies he would have received all the papers from the MoD he required, but that MPs would only be entitled to documents prepared by his own staff.

Sir Douglas said he was not worried about the practice of recruiting the Comptroller and Auditor General from among senior Whitehall mandarins.

There had been some criticism by MPs at the time of a search for a successor to Sir Douglas that the candidates were drawn from a narrow circle of Treasury senior officials.

Sir Douglas said it was difficult to find candidates with knowledge of the complex relationship between public finance, parliament, industry, the public corporations and the Civil Service, from people outside thet Civil Service.

The Civil Service accounting requirements and the work of his department were in many ways different from those in the private sector and there was a great deal to be said for poachers turning gamekeepers.

Britain's national audit system had something to learn from other national audit offices but it had also something to teach. He expressed confidence that his campaign to recruit more accountants into the public service had been taken on board by the Government.

- The committee has backed the introduction of a controlled experiment allowing the carry-over of underspending from one financial year to the next, writes Peter Riddel, Economics Correspondent.

He told MPs that he was worried over the perception of audit work by local authorities. Some local authorities saw auditing as synonymous with public expenditure cuts and he noted a certain resentment on audit work as interferring with policy by local authorities.

This resentment was not found in central Government department where the tradition of auditing was well established.

The committee favours an experiment along the lines of a scheme envisaged by the Treasury which would be limited to capital expenditure and some categories of defence procurement.

The Treasury informed the committee that Ministers had decided not to proceed with this scheme because it might require an extra £250m in 1982-83. The Treasury remains in favour of the principle, however, because of its managerial advantages.

Fourteenth report from the Committee of Public Accounts, Session 1980-81: Carry-over of Cash Limits at the end of the Financial Year. House of Commons Paper 376, Price £3.20.

Unions unveil plans to boost influence over Labour Party

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE Trade Unions for Labour Victory—the grouping which takes in almost all of the major unions affiliated to the Labour Party—yesterday approved a range of measures which would greatly increase the influence exercised by unions over the Labour Party.

The group's proposals are made in a week which has already seen tentative agreement by the TUC/Labour Party liaison committee to give the unions a large say in party campaigning, and will see tomorrow the publication of the liaison committee's document "Economic Issues facing the next Labour Government," over which the TUC side had a major influence.

The specific proposals are:

- To raise a reserve fund, controlled by the TULV, for assisting the party out of its present financial difficulties. The fund would be financed by voluntary contributions from the unions.
- To propose a raising of union affiliation fees to Labour at the party conference in October. The likely increase on the present level of 40p will be around 5p. The unions have already baulked at raising the affiliation fees to 50p.
- To set up a longer-term method for funding the party in a more efficient fashion, following discussions between the TULV and the party's national executive committee.
- To co-opt Mr Alex Kitson, the party's chairman, Mr Ron Hayward, the general secretary, and the treasurer, Mr Norman Atkinson, as TULV committee members exofficio. They would be invited to attend the next meeting.

Mr David Basnett, general secretary of the General and Municipal Workers Union and chairman of the TULV, said: "Our ambition is to assist the party in terms of membership, political education and organisation and to ensure a return of the next Labour Government.

"What we do we will do by agreement with the national executive committee of the party."

The TULV, which lacks only the mineworkers among major affiliated unions in its membership, has been seen by some—especially on the Left—as a potentially dangerous pressure group on the Leftist NEC.

It is certainly the case that a number of union leaders regard the political manoeuvring in the party, coupled with its continued financial crisis, with irritation and alarm, especially in face of the growing challenge from the Social Democrats.

These leaders argue that the unions must intervene more directly in party affairs to restore some measure of efficiency and stability if there is to be any hope of victory at the next election.

TUC calls for talks with Thatcher on riot measures

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TUC has asked for an urgent meeting with the Prime Minister to discuss measures to deal with the recent rioting in a number of cities.

The thrust of the unions' argument to Mrs Thatcher will be that Government policies have played a major part in precipitating the riots, and that amelorative action should focus on social and economic problems, rather than strengthened riot control.

The General Council said in a statement issued after its meeting yesterday that "action is needed immediately by Government to demonstrate its unequivocal commitment to rebuilding the crumbling physical and social fabric of our cities.

"Measures to restore public order and protect the police from physical danger, necessary as they are, must not be used as a smokescreen to conceal the fundamental problems that underlie the present crisis."

Mr Len Murray, TUC general secretary, said a number of General Council members had "noted with appreciation" comments from senior police officers on the undesirability of a paramilitary police force.

The TUC would not be approaching the Prime Minister in the spirit of "I told you so," but rather to offer constructive proposals and assistance.

The Council has agreed to "exert maximum pressure" for reforms in the European Community's economic, trade and industrial policies.

It will also institute a study to "examine in detail the scope for radical amendments to the Treaty of Rome in order to change the direction of the Community, giving the main weight to industrial, social and regional policy, and how a European Community based on a different treaty would operate."

Asked if these initiatives were an implicit endorsement of the EEC, albeit radically altered, Mr Murray said TUC policy was for a referendum to precede any decision to withdraw.

Sacked Lucas Aerospace worker loses support

BY OUR LABOUR CORRESPONDENT

EFFORTS TO support Mr Mike Cooley, the former president of the white collar engineering union AUEW Tass who was sacked last month by his company, Lucas Aerospace, have collapsed.

His 40 fellow members of Tass at the Willesden plant of Lucas Aerospace voted unanimously at a meeting on Tuesday not to engage in industrial action to protest at his dismissal. This was despite promised backing by Tass and assurances of 100 per cent strike pay.

Last week the Tass executive voted to support action at the Willesden site, a decision also taken by the Lucas national negotiating committee. However, Mr Cooley and a fellow NNC member, Mr Mick Young, criticised the Tass leadership at a conference last week for its reluctantance to support him.

It is understood that the Willesden workers believed that Mr Cooley's case was weakened by his refusal to accept an alternative job as training officer. He had been a senior design engineer. Mr Cooley was sacked for taking too much time off for union business, a charge he denies.

Dockers' meeting sought

BY OUR LABOUR STAFF

DOCKERS' shop stewards in Liverpool have called for a mass meeting this weekend. This follows proposals by management to impose changes in working practices despite failure so far to settle the dockers' pay dispute.

In their three month dispute which has led to six stoppages, dockers have resisted employers' demands that this year's wage rise should be tied to new working arrangements designed to improve efficiency.

Management outlined in a circular to dockers yesterday, proposals for possible early implementation of certain changes previously agreed but yet to be implemented.

Mr Jimmy Symes, docks district secretary in the Transport and General Workers Union, said shop stewards had urged employers not to fake "precipitate action" while both sides were still talking.

Cable television for London

CABLE TELEVISION is to be introduced in parts of London, Mr William Whitelaw, Home Secretary, said in a Commons written replay yesterday.

He told Mr Geoffrey Johnson Smith (C. E. Grinstead) that he had licensed British Relay to provide a service to part of the City and to areas of North, Central, South Central, and South-East London.

The BBC will provide most of the programme material.

Police casualty figures top 1,100

MORE THAN 1,100 police officers have been injured in civil disturbances this year, Mr William Whitelaw, Home Secretary, said in a Commons written reply yesterday.

He said 1,157 police, 24 firemen, and three ambulancemen had been injured.

Civil Service leaders defied

By Philip Bassett, Labour Staff

LOCAL COMMITTEES of the Council of Civil Service Unions in many areas around the country are defying the clear instructions of council leaders by actively recommending their local union members to reject the Government's improved pay offer.

The improved offer to the civil service of 7½ per cent this year, with negotiations for next year's deal to be free of pre-set cash limits and supported by arbitration, plus a pay inquiry, was only put to the council on condition that it was submitted to union members with no recommendation on how to vote.

CCSU leaders told all local committees that the offer had to be put out in this way. Although many have followed that advice—often reluctantly—at least 18 committees have decided to recommend and to campaign for a rejection of the offer, and for mounting an all-out strike.

Those committed to rejection include committees at Aberdeen, Bradford, Brighton, Bristol, Dover, Durham, Edinburgh, Glasgow, Inverness, Leeds, Leicester, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.

Others, such as Plymouth, are formally making no recommendation but are unofficially advising inquiring members to reject.

Many of these committees—which, with the others, have been attacked by union right-wingers because of the amount of influence being wielded in them by mainly left-wing activists—are sharply critical of the decision of all but two of the union leaderships at national level to make no recommendation.

It is far from clear, though, how representative the committees are. Leicester, for instance, is recommending rejection, but the local branch of the Inland Revenue Staff Federation voted narrowly yesterday by 218-202 in favour of the offer. The level of rejection in this vote was much higher than previous Leicester IRSF votes.

What is clear is that union activists in these areas will be putting considerable effort into trying to secure a rejection, though many are not optimistic about the chances of achieving such a result nationally.

The majority of members' meetings will begin today and extend into next week. A number of IRSF meetings were held yesterday, in addition to Leicester, with the vote running at about a 60 per cent rejection.

They included Liverpool (reject. 1280-764), Inverness (reject. 49-30) and Bristol (reject. 432-279). Other results included an acceptance at Northampton and a rejection in Hull. So no clear pattern has appeared.

The civil service executive of the largest union in the Service, the Civil and Public Services Association, has put out the offer without recommendation, but the union's civil aviation authority section, whose members were active in the disruption by air traffic control staff, are urging that the offer be rejected.

Twenty-three staff at the unemployment benefit office at Wembley, north London, yesterday came out on unofficial strike after receiving warnings of suspension from the Department of Employment for continuing to black unemployment benefit Giro-cheques, against their union's advice. They will receive no strike pay.

Youth scheme 'exploited'

SOME EMPLOYERS are taking advantage of the Youth Opportunities Programme to exploit free labour, the National Union of Public Employees claimed yesterday.

The union expressed "considerable concern" that YOP workers have been substituted for full-time staff. An estimated 45,000 youngsters will be given work experience and training this year under the scheme.

NUPE wants an increase in the £23.50p a week allowance they receive.

Plea to end sex bias at work

BY PAULINE CLARK, LABOUR STAFF

MANY JOB evaluation schemes contain a hidden bias towards one sex and may thus contribute to the problems of women fighting for equal treatment at work, according to the Equal Opportunities Commission.

A warning that many schemes implemented before the enforcement of the 1975 Sex Discrimination Act may need to be overhauled because of sex bias was sounded yesterday at a special seminar organised by the commission to investigate the validity of job evaluation exercises.

Leaders of the commission, employers, trade union and Government officials also discussed new guidelines on how to set up job evaluation schemes avoiding sex discrimination.

Baroness Betty Lockwood, chairman of the commission, described an investigation of 500 leading employers to establish the extent of progress towards equal opportunities in employment. It showed that many schemes had been implemented before the law came into force—and thus before "many of the implicit and hidden forms of sex discrimination were properly understood."

It was likely that many of these schemes could still be biased — albeit unintentionally — in favour of one sex and to the consequential detriment of the other.

Baroness Lockwood pointed out that job evaluation schemes could be "a highly influential factor" in determining the remuneration of women compared with that of men.

The Commission had long been concerned with the role of job evaluation in determining pay. That is because one of the specific legal requirements of the Equal Pay Act was to secure equal pay to people of either sex employed on work which had been rated as equivalent under a job evaluation scheme.

Since the development of grading and pay systems tended to go hand in hand, job evaluation often determined to a significant degree the position of women in pay structures.

EDITED BY ALAN CANE

ICI revamps chemicals research

IMPERIAL CHEMICAL Industries is re-organising its heavy chemical research establishment in an effort to save money and improve efficiency.

The chemicals giant currently has a number of research groups working at three different sites. One team is based at its Mond division in Cheshire, where soda ash and chlor-alkali products are made. The company's corporate laboratory, which on longer term research into new products and processes, is also at Mond.

Research into petrochemicals production processes and into such developments as improved energy efficiency is based at Wilton on Teesside, which is ICI's main petrochemicals production centre in the UK. Plastics research is carried out chiefly at Welwyn in Hertfordshire.

But from the start of September a new science group will be set up to carry out long-term work on catalysts, new processes and chemicals materials for Mond, for petrochemicals and for plastics. The group will be headed by Dr Roger Laird, the present director of ICI's corporate laboratory.

Separate research units will continue to operate at Mond and petrochemicals and plastics divisions. But a new research support services unit will also be set up to provide laboratory analysis, patent services and computer support services for all the research work done on heavy chemicals in ICI.

ICI said yesterday it needed to invest more effectively and more selectively in research. Last year it spent £212m worldwide on research.

Sue Cameron

Laser trim

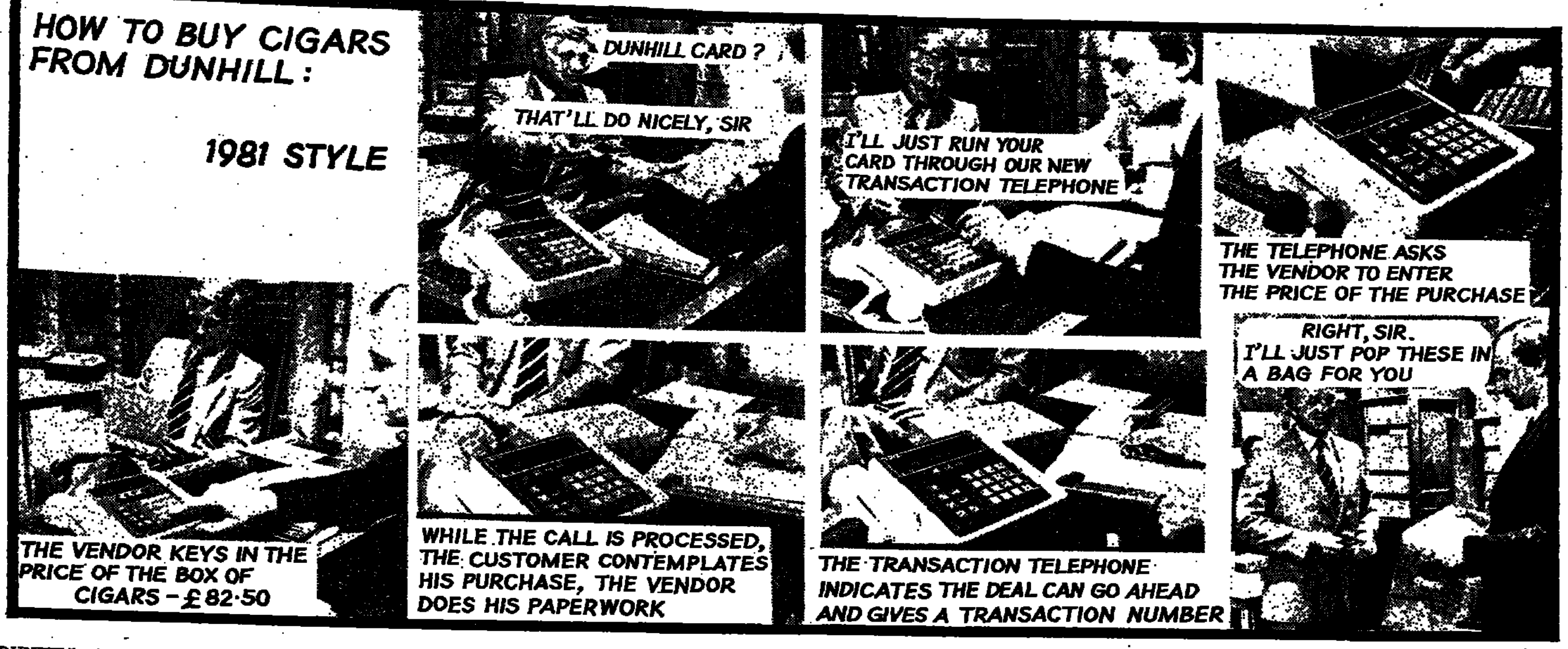
MADE IN the U.S. by Chicago Laser, the CLS-33 automatic laser trimming system for film resistors can now be obtained in the UK from BFI Electronics of West Molesey, Surrey (01941 4066).

The equipment uses a galvanometer-deflected YAG laser beam to measure and trim resistors from 0.01 ohms to 28 megohms with a resolution of 0.01 per cent and an accuracy of 0.05 per cent.

The trim area is 2.00 x 2.00 inches.

Soon most credit card transactions will be referred for validation. Alan Cane explains how and why.

Dunhill takes the fag out of credit checks



DUNHILL, the most prestigious tobacco shop in the world, looks set to become the first retailer to use automatic credit card validation in the UK.

On October 1 this year, it introduces a new credit card scheme run in association with Welbeck Financial Services, the credit card arm of the Debenham group.

Later in the month it will install the first "transaction telephone" in the country, a device which automatically rings the appropriate credit card centre to check the validity of the card and to ensure the credit limit is not exceeded.

It will be a major step in the move to "zero floor limit" credit card operations—where every credit card transaction is validated regardless of the amount of the transaction.

Mr Michael Callis, retail operations manager for Dunhill sees two chief advantages: "The first is speed—there is no need to use the telephone manually with all the usual delays. This means an improvement in speed and security.

"And with no floor limit, the whole credit card operation changes from a risk business *into an administration system.*"

Welbeck's operations are based on computer services provided by UCSL, the wholly-owned Unilever computer bureau.

The system itself, which runs on UCSL large mainframes at Watford is basically American—the Kranzley credit card system which is reckoned to be the most widely used credit card software. It cost UCSL about £50,000. Writing the "front end" to the system, all the real-time software that handles the way the system deals with vendors and customers, cost another £45,000.

Private label

Now, according to Mr Tim Kingaby of UCSL (the "customer" in the photostrip): "We have the best private label (private credit card) system anywhere."

But the key to the credit card strategy being developed by UCSL and Welbeck is the transaction telephone. These are widely used in the U.S., but virtually unknown in Europe. About the size of a conventional telephone handset, they handle all the operations necessary to ring a validation centre and make all the necessary checks on a credit card at the press of a button.

In the U.S., a number of manufacturers offer these telephones: GT and E, Northern Telecom, AT and T.

UCSL is offering a telephone which its own surveys indicated to be the most widely used, the Taltek device made by a company of the same name based in Montreal.

UCSL has secured a five-year licence to sell the Taltek 'phone in the UK and Ireland. It had, of course, to be modified to meet British Telecom standards. Now it is going through the rigorous process of BT approval and UCSL expects to get the green light in the middle of August.

Only one other transaction telephone, a model supplied by GTE, is understood to be undergoing BT approval procedures at present.

The importance of all this goes far beyond a retailer, however prestigious, with a new device. Fast and effective validation of credit cards is reckoned to be one of the chief steps on the way to the "cashless" society. The banks, here and in the U.S., are known to be desperately worried over credit card fraud. In the U.S., it amounted to some U.S.$900m this year.

The transaction telephone offering the possibility of zero credit floors is seen as a major method of combating fraud and the delinquent card holder.

In the U.S., three levels of credit already operate; up to US$75, no check is initiated. From U.S.$75 to U.S.$130 a negative check is instituted—that is, the system refers to a list of stolen or otherwise doubtful cards, and clears the transaction if the card is not on that list. Over U.S.$130, full checks are made with the organisation which issued the card.

In the UK, only one level — the £50 level — operates. Below that the card is accepted without question. Above it, a full check is made.

Transaction telephones would mean all these checks could be abandoned.

It is believed that UK retail banks have earmarked funds to buy 9,000 transaction telephones in the coming year.

Switching

UCSL, a substantial bureau in its own right turning over about £16m, has ambitious plans in the credit card business. It operates its own packet data network UCSL-Tymnet. Mr Kingaby points out that validation messages sent from a Taltek telephone can get to their destination by one of two routes—over the public packet-switched data network (PSS) or through UCSL-Tymnet.

What UCSL plans for the future, however, is a message switching centre which would act as a protocol converter and distributor for credit validation messages from any source. In other words, UCSL is planning to set itself up as an independent credit card validation organisation.

It needs British Telecom approval. It is believed that senior marketing officials at Brtish Telecom see the scheme sympathetically; if approval is given, it would mean that UCSL would be offering the first value-added service over the BT packet switched service.

Such a switching service is already operated by Visa in the U.S.

● UCSL seems to have solved the tricky problem of automating the response to a customer who goes marginally over his or her credit limit.

If a customer goes over the credit limit, the computer at the centre sends a message down the telephone line to the transaction telephone which displays a message asking the salesperson to redial. A single key depression is all that is needed to reroute the validation message to the manual validation centre, where humans will take the final decision to allow credit or not.

Racal joins 'electronic office' race

JOINING A swelling band of companies offering small computers with "office of the future" overtones is Racal Information Systems of Hove, Sussex (0273 720781).

Up against most of the major computer companies and a large number of smaller ones, Racal has clearly decided that its name, too, should be perfectly capable of appearing on the keyboard / screen / floppy disc printer combination likely within a few years to grace large numbers of offices throughout the world.

Racal's machine, the Series 6000, employs Intel chips in the electronics (which are made in Racal plants), together with 15 inch diagonal green-on-black screen, dual floppy discs from Shugart or DRI and printers from Nippon Electric and Centronics.

The operating system is based on CP/M (Digital Research Corporation) and the pre-written application software packages are Wordstar for word processing, Datastar of record processing, together with a UK-written management program suite for stock control, order entry, payroll, sales, purchase and nominal ledgers.

Styling of the Series 6000 is certainly out of the ordinary, with the tilting CRT in a kind of conical housing; the keyboard, which is detachable, has a single horizontal line of function keys which are function-designated by means of a rotating drum of labels which line up with the keys—a set for word processing, another for record processing and so on.

Racal intends to use a network of distributors to service the "small" end of the market but will use its own staff to deal with larger buyers.

GEOFFREY CHARLISH

ADVERTISING & MARKETING

BY MICHAEL THOMPSON-NOEL

WINES AND SPIRITS SURVEY

Why the British are spending more on drink

THE CURRENT plight of UK brewers is causing not a little pain. But any doubts as to the remarkable buoyancy of the drinks market over the whole of the past decade should be dispelled at once by glancing at the charts here, for they indicate how real spending on alcohol rose by an average of 5 per cent a year in the decade to 1979, or twice as fast as aggregate consumer spending.

They are taken from a new study of UK wine and spirits markets by David Campbell of Wood, Mackenzie, and indicate the manner in which a decline in the real price of alcohol over the same period contributed to higher sales.

On the other hand, says Mr Campbell, the recession is having a severe impact on drinks spending—in part, the result of rising real prices.

There is much at stake. UK spending on alcohol rose from £2bn in 1969 to £8.9bn in 1979, and average increase of 15.9 per cent per annum. In constant 1975 terms, the increase was from £3.4bn to £5.6bn, a gain of 5 per cent per annum during a period when total real consumers' spending, again in 1975 terms, rose from £56.3bn to £70.8bn, a gain of only 2.4 per cent per annum. (Over the same period, spending on alcohol as a proportion of total real consumer spending rose from 6.1 per cent to 7.9 per cent).

In 1980, says the broker, total spending *on alcohol was £10.2bn* —comprised of £2.7bn on spirits, £1.8bn on wines, etc, and £5.7bn on beer.

In a nutshell, Mr Campbell says that real spending on alcohol in the current year is expected to fall more sharply than aggregate real consumer spending. Over the period 1981 to 1985, however, spending on drink will outpace aggregate expenditure, though by less than in the past.

"Thus we are forecasting 1.7 per cent real growth in alcohol consumption over 1980 to 1985 compared with 2.7 per cent growth over 1974 to 1979 and a 4 per cent decline in 1980," he says.

The report covers the economic background to drinks spending, the structure of the drinks market, growth prospects, markets and brands, and corporate trends.

Naturally different sectors of the market have behaved in different ways. Spirits lead the growth table, which may be a surprise to some. Over the decade to 1979, expenditure on spirits rose in real terms by over 8 per cent per annum, wines by slightly under 8 per cent, while spending on *beer grew only* a little faster than consumer spending in general, the study says.

Two sets of factors have brought about the increased importance of alcohol as a proportion of total consumer *spending—price, plus* a host of social variables, from changes in leisure and lifestyle behaviour to demographic and legislative influences.

As the basis for his forecasts, Mr Campbell reckons that real consumer expenditure, having held up surprisingly well in the recession, will lag behind the initial recovery in GDP, but that beyond 1982, consumer spending will grow faster than GDP as a whole—at a rate of 1.7 per cent per annum compared with a growth of 1.9 per cent per annum in the five-year *period to 1979*.

What does this augur for the drinks giants? Certain general considerations, says Mr Campbell, suggest that drink price trends will at best have a neutral influence on alcohol's share of overall consumer spending, though the chief caveat here is the pending agreement between Britain and her EEC partners on the relationship between beer and wine excise duties.

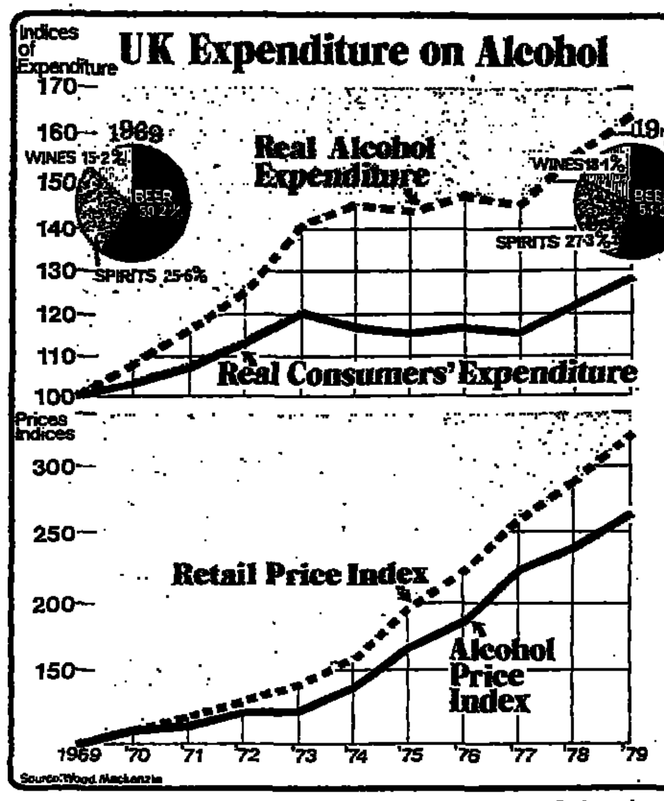
The effect of this will be to raise beer duty in relation to wine duty. Given the apparent price sensitivity of spending on wine, says the report, and the apparent relative price insensitivity of spending on beer, there could be an overall boost to drinks consumption.

But what seems likely is that social change will affect the total drinks market more keenly *over the next five years* than movements on the price front.

For a start, says Mr Campbell, the social attitude to drinking is changing irreversibly, the main change in attitude being seen in the greater number of women among the ranks of regular drinkers.

As for alcohol abuse, he says, taxation is the most convenient *cudgel to wield against* excessive consumption, though the experience of other countries, he says, does not suggest this to be an effective weapon in curing the worst problems of over-moderate consumption or alcohol dependence. "Neither is it clear," he says, "that a ban on drinks advertising—a possibility within the next five years —would be effective in countering alcohol abuse."

However, he reckons that the brewers and the drinks companies have not adopted any positive strategy in facing up to



Graham Lever

the general issue of alcohol abuse. "Their posture," he says, "is largely defensive, though a positive effort has been made in financing research into *the particular problem of* alcoholism."

What is more, he says, the broadening of the drinking population seems likely to lead to ever-growing problems of alcohol abuse, and this will be the case "unless, and until, excessive consumption begins to attract an anti-social image, or to incur the sort of health *fears which surround cigarette* consumption."

Thus there are two conflicting trends at work. On the one hand, says the report, changing attitudes and lifestyles are tending to expand the drinks market and encourage consumption, in addition to which there is the prospect of expansion in the population of drinking age against virtually nil growth in the population overall in the next five years.

On the other hand, there is growing concern about the problems of alcohol abuse, which could provoke Government action. "On balance," says Mr Campbell, "the positive influence on consumption is likely to prevail for some years, *while the* issue of abuse gathers as a dark cloud over the long-term future of the drinks industry."

The report pays special attention to sales and prospects in 14 separate product categories. Among the main points:

Whisky: Total case sales, almost entirely of Scotch, are estimated at 13.4m last year, *accounting for 43 per cent of* consumer spending on spirits. Total spending on whisky last year is estimated at £1.15bn, though the report expects case sales in the current year to slip to 12.8m, the lowest since 1977.

The trend to lighter spirits *continues* to erode whisky's share of total spirits sales, says the report. Scotch has also become more of a commodity market, helped by excess stocks of matured whiskies, the trend to take-home sales, and the withdrawal of DCL's Johnnie Walker Red and other brands, along with pricing-up of additional brands, which had left a 1.75m case gap only partially filled by rivals like Bell and Grouse.

Prospects: Whisky will continue to lose share to lighter spirits, says the report, though in a spirits market expected to show 1.5 per cent per annum real growth over the next five years.

Vodka: Still the most dynamic sector of the UK drinks market. Case sales have grown by a tenth a year over the last five years, reaching an estimated 3.7m cases (worth £375m) in 1980. Vodka's consumer profile is younger and more downmarket than that of its close rival gin.

Gin: The second-largest selling spirit in the UK, with case sales last year estimated at 4m, worth £360m. Its share of the market has fallen, though, from about a fifth in the late 1960s to less than 15 per cent now.

Wine: An area of great strength, with estimated case sales last year (still wines plus sparkling) of 31m, worth £930m. Most recently, says the report, the market has seen distinct trading down, the broadening of the consumer base and the extension of usage, meaning that growth has been dominated by the take-home trade.

Prospects: Very encouraging, with the trend to cheaper products becoming increasingly significant, and expansion of the sector perhaps easily making room for substantial new brands.

The report is available from Wood, Mackenzie and Co., 68-73 Queen Street, Edinburgh, Scotland (031-226 4141).

AGENCIES

Milk: £7m review still in the air

OUTCOME OF the UK Milk Marketing Board's review of its £6m to £7m account, one of the most intensely speculated-upon reviews of recent years, is still not known.

Yesterday the MMB was sticking to its guns. It insists that no decision has been made, and that there is "unlikely to be any news until early next month."

Last year the MMB spent £3.45m on its "Put Milk First" campaign via Harrison McCann, according to figures from Media Expenditure Analysis, while the National Dairy Council spent an additional £2.728m (again according to MEAL) via Ogilvy & Mather on its "Natural Goodness" drive.

The two accounts are now to be merged and deposited under a single agency roof: hence the nail biting at the agencies concerned.

Those involved, apart from Harrison and O&M themselves, are Allen Brady & Marsh, the inevitable pre-race favourite in scrambles of this kind, and Wight Collins Rutherford Scott.

The betting has increasingly gone ABM's way. According to one agency odds-maker, the recent flurry of speculation as to the outcome of the review has seen ABM harden from 6-4 against to 5-4 on. Current annualised billings at ABM are only a little short of £55m, while chairman Peter Marsh says that over the last six years, the agency has made 24 account pitches and won 22.

According to the same source, Harrison McCann has eased from 5-2 to 7-2, O&M has drifted from 3-1 to 9-2, and the odds against WCRS have moved out to a point to 6-1.

Foote Cone & Belding, meantime, is celebrating the gain of two accounts this week: approximately £1.5m worth of Toshiba business, and around £1.7m worth of Wrigley brands. The Wrigley account was resigned by Peter Marsh earlier this year.

Toshiba is said to be keen to project a stronger UK brand image for its video, audio and hi-fi products, plus colour TVs, and the agency is preparing a TV campaign for the autumn.

FCB vice-chairman Ian Fawn-Meade says that in terms of billings, growth, profits and awards, last year was the agency's *best year ever*, and that in terms of growth, 1981 could well match it. Annualised billings at FCB are put at a little over £52m.

Etcetera

● MICHAEL BUNGEY DFS is to handle an additional £1.5m worth of Wilkinson Sword business.

● LATEST PECKING ORDER in the MEAL list of top UK agencies for the 12 months to June 30, 1981, is as follows: Saatchi and Saatchi Garland-Compton, £62.6m; J. Walter Thompson - London, £62.5m; D'Arcy-MacManus and Masius, £59.7m; Ogilvy and Mather, £49.8m; McCann Erickson, £47.1m; Collett Dickenson Pearce, £45.1m; Young and Rubicam, £32.7m; Allen Brady and Marsh, £29.3m; Dorland's, £28.5m; Ted Bates, £27.9m. MEAL stresses that its figures *are based on TV and main* consumer print media only, and then at rate card costs. Posters, cinema, radio and trade and foreign publications are excluded, and the UK regional Press is only partially covered. Brand expenditure for the full 12 months is attributed to the agency most recently placing the ads.

● LEAGAS DELANEY, nearly a year old, has won around £500,000 worth of Moulinex business—the launch of a new microwave oven. It has also won £750,000 worth of Truman pubs, beer and lager business, taking current billings to approximately £8.5m.

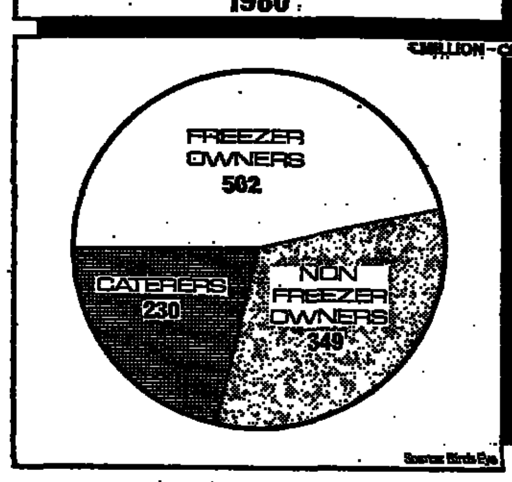
● KEITH HOLLOWAY, 45, formerly of Timex, Schweppes, Heinz, P&G and McCann, is the new managing director at Lintas. He succeeds Roger Neil, who leaves for Lintas's Sydney office in *mid*-August.

FINANCIAL TIMES SURVEY
Thursday July 23 1981

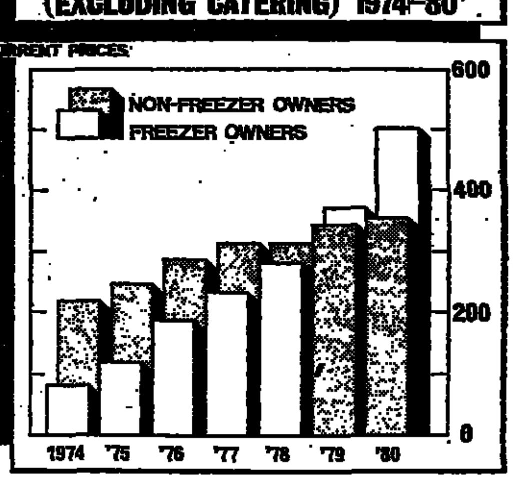
Frozen Foods

Half of Britain's households now have a freezer and the number is increasing, bringing a continuing rise in demand for both staple foods and speciality dishes. Manufacturers have created new markets by being inventive, but while sales have been buoyant profitability has suffered, in turn forcing distributors to be more efficient.

UK FROZEN FOODS EXPENDITURE 1980



UK FROZEN FOODS EXPENDITURE (EXCLUDING CATERING) 1974–80



Profits still hard earned

By David Churchill
Consumer Affairs Correspondent

THE FROZEN FOOD industry remains one of the few buoyant sectors within the overall food market. While spending on all food last year rose by less than 1 per cent in real terms, the frozen food market grew by 20 per cent in value and 8 per cent by volume.

The total frozen food market, including sales to caterers, exceeded £1bn for the first time last year. The amount of frozen foods bought by freezer owners was also higher than sales to non-freezer owners, reflecting the fact that about half of all households own a domestic freezer. It was only in 1979 that sales to freezer owners overtook sales to non-freezer households.

Yet in spite of the frozen food industry's growth during a general recession and a static food market overall, the industry remains far from ebullient. Mr Don Angel, chairman of Birds Eye, says "1981 is seeing an intensification of competition in both the retail trade and the frozen food industry."

Mr Angel says that a few frozen food companies ceased to trade during the past year and, among the remainder, profits were hard earned.

The industry's caution probably stems more from the pressure on margins—from rising costs on the one hand to demands for discounts from large retailers—than from any real falling off in demand.

Mr Norman Young, chairman of the UK Association of Frozen Food Producers, points out that increased operating expenses added a heavy burden to manufacturers' overheads. "But the past year has also been a year of change, and some rationalisation has resulted in a slimmer and consequently more competitive industry.

"Companies have responded to the challenge of survival in the market with improved performance, while searching for new techniques and products."

Fluctuations

Demand for frozen foods has maintained a steady upward trend, with minor fluctuations, since the early 1950s. The convenience of quick frozen foods is obvious, but the technology of freezing, distribution, and home storage has always lagged behind consumer demand. However, as the technology improved during the 1960s—and living standards began to rise following the post-war austerity—so the demand for frozen foods quickened.

Yet the growth in demand encouraged a number of new companies to enter the industry in the 1970s—producers that were looking for a quick return on their investment in a fast-growing market rather than being prepared to build brand quality and loyalty. The result was oversupply and a lowering of standards in order to compete.

Not surprisingly, consumers reacted to the lowering of quality and the market's growth was inhibited for a time. This was in spite of the fact that the conditions were ripening for the rapid expansion of the market in the late 1970s. These conditions included the rapid growth in home freezer ownership—which almost doubled in the six years from 1974 to include 50 per cent of households last year.

In the 1980s the growth in demand is likely to be influenced by several factors. Home freezer ownership will continue to expand, although perhaps not at the same rate as in the second half of the 1970s. But some trade estimates suggest 70 per cent of households could have a domestic freezer by the mid-1980s.

The type of freezers increasingly being sold are small upright models, often combined with a refrigerator. At first sight, such a trading down from the bulky chest freezers of the early 1970s would seem detrimental to the frozen food industry. But in fact the trend in frozen foods is for families more and more to use their freezers for bought-in frozen foods than freezing foods they have cooked themselves.

This reflects one of the fundamental shifts in consumer buying patterns over the past few years, and is a key reason for the growth in frozen food sales. Consumers, when surveyed by market research analysts, will often shy away from the word convenience food because this suggests that housewives are being lazy in not preparing proper meals.

However, it is clearly as convenience foods that frozen foods are being bought, in spite of the recession and high unemployment. There is a growing trend in the home towards less formal meals at more irregular times. In addition, there are more married women in the labour force than 10 years ago, and meals using frozen foods can often provide a welcome alternative to the tedium of food preparation.

Imagination

There is little doubt that frozen foods seem to have overcome many of the prejudices against canned and dried convenience foods. In addition, the greater imagination and inventiveness of the frozen food manufacturers, and the designs of their packaging, have given frozen foods more taste appeal than other convenience foods.

At the same time the major manufacturers have taken more trouble to woo the reluctant consumer with recipes, nutritional information, and expensively-produced illustrations. Therefore, the leading frozen food manufacturers have largely created their own markets by the use of such techniques.

It is the more exotic speciality frozen foods that are the fastest growing part of the whole sector and offer the greatest added value for producers, United Biscuits, for example, has established itself as the fourth largest producer in the industry within three years—after Birds Eye, Findus, and Ross—by the strategy of pursuing only products with a high added value and forsaking the high-volume commodity lines such as peas and fish fingers.

Thus United Biscuits, through brand names such as Marco and Carlo, concentrates on speciality frozen foods such as pizzas, pasta, quiches, gateaux. In the catering sector, United Biscuits has also established its market presence through the acquisition of Alveston Kitchens.

The frozen food market represents the front line of new product launches in the search for greater profitability by manufacturers. One in five of all new food product launches last year were frozen foods. Birds Eye alone launched 24 new products last year in a range now extended to over 180 lines.

Hand in hand with the demand created by new products, has been the increased willingness of supermarket chains to stock frozen foods. In the early 1970s, the supermarkets were reluctant to devote selling space to frozen food ranges that consisted largely of high-volume but low-margin lines such as vegetables, meat products and fish.

However, as new products were developed which carried higher profit margins for both manufacturers and retailers, so the supermarkets increased the selling space they devoted to frozen foods. The average for all stores last year was 14 linear feet. This, in turn, has helped generate extra demand.

Although the numbers of specialist freezer centres and their share of the market has remained static for several years, the grocery multiples are steadily increasing their market strength, largely at the expense of small independent grocery shops.

The manufacturing sector is dominated by three major companies—Birds Eye, Findus, and Ross—who together account for about half the total market. In addition, there are more than 300 smaller companies in the market. Among the largest of these are Youngs Seafoods, now in its 176th year of trading and which markets fresh fish products as well as frozen seafoods.

A recent financial survey of 99 frozen food companies, produced by ICC Business Ratios, confirms the industry's view that while sales have remained buoyant, profitability has suffered.

Declined

According to the survey, fruit and vegetable producers have suffered particularly, with an overall profit margin that has declined from 3.7 per cent to 0.2 per cent over the past three years. Return on capital has fallen from 18.2 to 0.5 per cent.

While some meat and poultry producers were suffering lean times, others produced above average. These include Bernard Matthews, McLaren Meat Processors, Sun Valley Poultry, and the Anglian Tendabeef company.

McCain International was also singled out as a profitable performer, with a return on capital up from 3.2 per cent to 29.9 per cent over the past three years. The company's profit margin increased from 1.8 per cent to 14.6 per cent over the same period.

One of the problems facing the larger manufacturers is that the growth in the market is attracting a number of new entrants to the market who are selling products similar to those launched by the big companies. The fear is that these could swamp the market and reduce profitability and quality standards in the same way as an influx of producers a decade ago led to a production glut.

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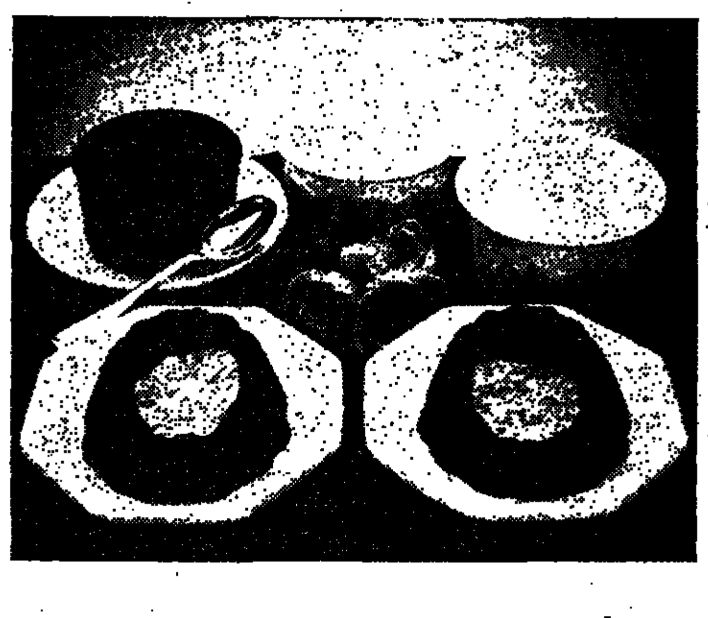


These new desserts for caterers, from the Dairy Tops range, exemplify manufacturers' efforts to create higher-margin products. The company has spent more than £2m on improvements at its Ashford, Kent, factory

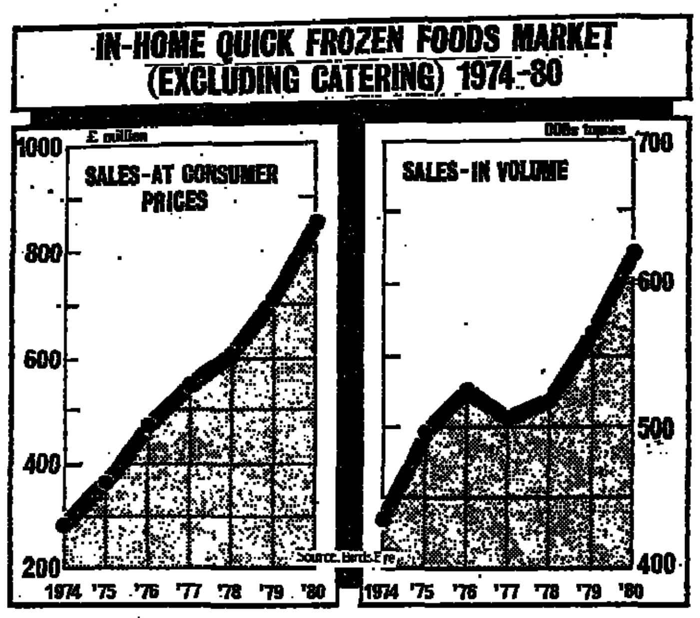
High Street retailers increase their share

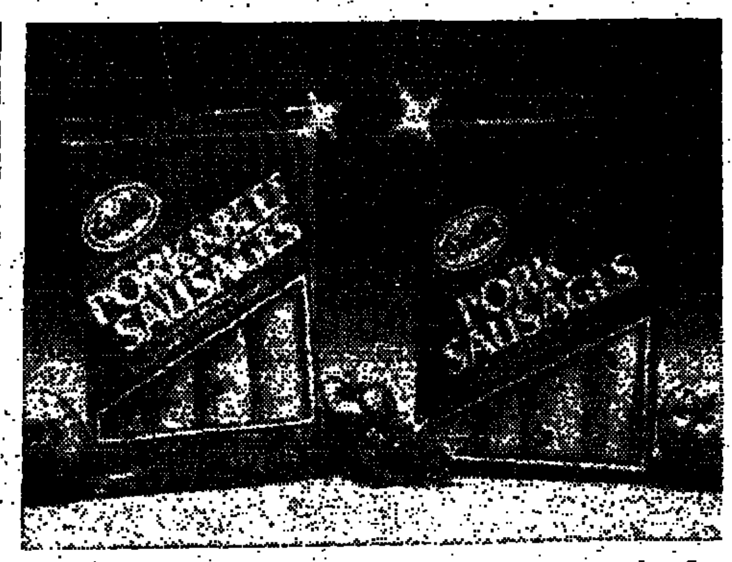
THE GROWTH of the frozen food market has gone hand-in-hand with the increased willingness of retailers to devote more sales space to frozen foods. Market research shows that many frozen food purchases are still impulse buys, so the importance of extensive retail display in order to generate sales is obvious.

From the retailer's point of view, frozen foods—apart from commodity lines such as peas and fish fingers—tend to offer attractive profit margins. In fact, the more specialist the type of frozen food on offer, the better the retailer's margin.

It took the High Street multiple food chains some years to recognise the profit potential in frozen foods. It was such reluctance that enabled the specialist home freezer centres to develop rapidly in the early 1970s. These specialist freezer centre operators, especially the market leader Bejam, realised that rising living standards, more women going out to work and the spread of domestic freezers would all encourage the growth of frozen food sales.

The growth of the freezer centre as a specialist retail outlet came to an end in the mid-1970s, according to trade figures. The number of centres has remained more or less static since 1974 at about 1,100 throughout the UK. Birds Eye's latest estimate suggests that the total dipped slightly last year, to 1,050. Other trade estimates suggest that the number of specialist freezer outlets is lower, at about 750.





Wall's one-pound packs of frozen sausages are aimed at the country's growing fridge-freezer market

Diversified

The slowdown in growth of the freezer centres coincided with the increased interest by multiple food retailers. It is estimated that, in 1980, multiple retailers took 48.5 per cent in value of the domestic frozen food market (ie, excluding catering sales), while freezer centres had 18.5 per cent. The co-operative retail societies came next, with 11.5 per cent of sales, followed by independent grocers with 11 per cent. Other food shops, such as delicatessens, had 10.5 per cent of sales.

The main factor emerging from these figures is the continuing trend for multiple retailers to increase their share of frozen food sales at the expense of the small independent grocers. While in 1980 the multiples increased their market share by 2.5 per cent, the independents' share fell by 2.5 per cent.

The effects of such increased concentration of sales is shown by the decline in the number of shops selling frozen foods. These fell from 85,900 in 1979 to 78,950 last year. Although the numbers of grocery multiple outlets fell — as the trend towards larger superstores continued — the main fall in numbers was among the small shops.

A Findus survey in 1979 suggested that Tesco and J. Sainsbury were the leading two multiples in frozen food retailing, with about 8 or 9 per cent of the market each. The co-operative retail societies had about a tenth of the market in total.

Most other multiple retailers had a much smaller market share, but it was significant that Marks and Spencer — primarily a clothing retailer which has diversified into foods — had a share of frozen food sales equal to most of the multiples excluding Tesco and Sainsbury's. The popularity of frozen foods in Marks and Spencer reflects that store's choice of up-market speciality frozen foods, a sector where sales are fast-growing.

With its 160 outlets Bejam is the leading freezer centre retailer

Although the growth in numbers of specialist freezer centres has virtually stopped, there is still considerable movement within that sector as the leading chains grow at the expense of the smaller freezer centre operators who decide to pull out.

The leading freezer centre retailer is Bejam which has more than 160 UK outlets. Bejam started in the late 1960s and developed rapidly over the next 10 years as a result of the entrepreneurial flair of its founder, Mr John Apthorp.

Mr Apthorp's family business — selling pre-packed potatoes— was bought out by the Ross group in 1968. Disenchanted with working for a large group, and conscious of the potential demand for frozen foods, Mr Apthorp opened his first freezer centre in November 1969. (Bejam was called after his initials and those of his brothers and sister — Brian, Eric, John, and Marion.)

Bejam's rapid success—it found a market niche unexploited at that time by the supermarkets—eventually led to a stock market quotation in 1973. Not surprisingly, other operators decided to move in on the market.

One of the main challengers was the Cordon Bleu chain, started in January 1970 by W. N. Cassell. In the first year the chain opened half a dozen shops in the Manchester area. By 1979, it had 47, spread throughout the north of England. Later in that year, the company was acquired by Louis C. Edwards, which itself was controlled by Mr James Gulliver, the former head of the Fine Fare supermarket chain.

In 1980, Cordon Bleu changed its name to Argyll Foods and 33 freezer centres owned by Dalgety were acquired. This was followed by the acquisition of 66 Freezer Fare outlets from J. H. Dewhurst, and five Bonimart outlets after that. This has now given Cordon Bleu a total of about 130 freezer centres and in turnover terms it is now second only to Bejam.

The third largest freezer centre operators are the co-op retail societies—which have cut back their investment in freezer centres in recent years —followed by specialist operators such as Iceland and Lowfreeze as well as centres operated by the J. Sainsbury supermarket chain.

Bejam stores, with an average sales area of 3,500 sq ft, tend to be larger than those of other freezer centres.

Surprisingly, frozen foods are not the only goods sold within freezer centres. Frozen foods and ice cream account for some 64 per cent of sales volume through freezer centres, with meat and poultry accounting for 16 per cent, packaged groceries, 10 per cent, and appliances the remaining 10 per cent.

The pattern of frozen food sales in the 1980s is likely to be one of the supermarkets devoting more selling space to frozen foods and freezer centres still finding a role in the market, although with ownership concentrated into fewer hands.

David Churchill

Refrigeration changes save time

THE MAIN development in the refrigeration industry recently has been in the distribution sector. It has seen a drive towards centralised distribution with the technical emphasis on production of suitable means of quickly delivering products from the cold stores to where they are needed.

Industry observers like Mr Simon Morgan of Smith and Partners, believe the main development in refrigeration in the UK during the past five years has been the change from a cold storage industry to a temperature controlled storage and distribution industry.

Mr Morgan cites three key developments.

- The increased provision of chill storage normally undertaken between 3 and 4 degrees C contrasted with the minus 29 degrees C of cold storage. Chill storage reduces the amount of *time food has to be kept in* storage as distribution methods improve.
- Computerised audit systems are becoming a standard component of storage services. Companies such as Tempco International and Christian Salvesen have developed computer links between their headquarters and cold stores. This means readily-available information on stock throughout the country.
- The use of enclosed loading banks which greatly reduces the inflow and outflow of warm and cold air when the doors to the storage area are opened; and, secondly, use of dock-sealed doors which enable distribution vehicles to lock into the doors without changes in storage temperatures.

Food freezing has seen the replacement of the traditional plate froster with more sophisticated techniques. The air blast freezer, for example, involves tunnels through which *products pass on trolleys or* belts in a current of air at minus 25 degrees C to minus 30 degrees C.

Spiral belt freezing, developed from tunnel freezing, has the advantage of reducing the amount of space taken up by a belt and reduces the operating costs while increasing output. Compact equipment such as mini-tunnel freezers have been developed, and fluidised beds or belt freezers enable vegetables to be individually frozen.

Confident

Long-term development in technical terms is likely to centre round distribution and will probably include the cold storage of entire container loads, standardisation of food packs and the introduction of more sophisticated racking equipment.

Christian Salvesen, the Edinburgh-based company with an estimated 30 per cent of the UK's public cold storage capacity, says it is confident that the British frozen food market will continue to grow. The company recently opened a cold store in Warrington in the North West.

Christian Salvesen has also entered the chilled produce market this year with a Salfresh depot in Manchester. Other developments are planned for Birmingham and Manchester, and Salvesen expects to open a nationwide chain of between 10 and 15 depots linking with its European operations.

Salvesen is a good example of the trend towards integration in the industry. The pressures on food manufacturing margins over the past couple of years and the series of High Street shopping price wars have encouraged the food industry to improve its distribution system under pressure from declining profit margins.

This has meant centralised warehousing, bigger drop sizes and fewer deliveries to each customer. Salvesen concedes that much of its growth during the 1970s came from increased distribution work in the food industry. The company developed specialised services for large retailers such as British Home Stores, Sainsburys and Marks and Spencer. Competition for packaged systems has become vital in the battle for new supermarket business.

Specialists

Mr Freddie Craig, Christian Salvesen's Commercial Director, says more than 50 per cent of the company's Food Services Division turnover is attributable to the distribution of frozen food, against 30 per cent in 1976. He expects this percentage to increase as more manufacturers, suppliers and retailers contract out frozen food storage and distribution to specialists.

Salvesen's fleet of 400 temperature-controlled vehicles operate from 19 transport depots and cold stores in the UK and on the Continent, and it is significant that the company's efforts are directed to France and Belgium.

Both these markets are relatively undeveloped and the company has had an investment programme of more than £13m to build plant and expand existing sites. The French frozen food market, for example, is concentrated in the catering sector in sharp contrast to the UK position. Salvesen believes that this is an untapped market.

Frigoscandia, part of the AGA group, is similar to Salvesen in offering a series of packages to its customers. As well as cold stores, in-store services and controlled-temperature transport, the company offers sites—adjacent to its cold stores at King's Lynn, *Liverpool*, South Kirkby near Doncaster, and Glasgow—for food companies to develop and use centralised services in order to cut capital costs.

Although packaged systems and increased contracting have created some optimism for the larger companies, the industry is facing a tough time. The reduced demand caused by the recession has been made worse by customers' constant pressure for cost savings as the squeeze on industry has continued.

Gareth Griffiths

Customers willing to pay for speciality products

THE FROZEN food market is increasingly polarising between two extremes. On the one hand are the staple frozen foodstuffs such as fish, meat and vegetables which account for the bulk of total industry sales. And on the other are the fast-growing speciality frozen foods which produce greater added value for manufacturers and retailers.

Added value frozen foods are the fastest-growing sector of the market as more consumers seem willing to pay for quality, convenience and ease of preparation. A new survey by marketing consultants Kraushar and Eassie says that although "the speciality foods market is fairly small, the existence of such products is a sign that the frozen food market has reached its maturity."

The most successful products are the more complicated recipe dishes which are difficult to make at home.

But the success of speciality foods is beginning to worry some established manufacturers because of the level of "copy cat" products launched by smaller producers. When the frozen food market was becoming established in the 1950s and 1960s, the leading manufacturers came under pressure from cowboy producers who flooded the market with lower quality—but cheaper—frozen peas, fish fingers and so on.

Although consumers eventually came to realise that these cheaper products were of an inferior quality, it took the major manufacturers some time to overcome the harm to the image of frozen foods in general. While the reputation of frozen foods is now firmly established, some manufacturers fear that widespread attempts to copy successful fast-growing products could lead to some disenchantment among consumers if those products do not maintain high quality.

The threat is that the recession may force some companies to lower their standards, thus bringing about such a situation.

In value terms, frozen fish is the largest sector of the market with just over a third of total sales, according to Ross Foods. The problems of fresh fish distribution and the decline of the small fishmonger's shop have been the key factors behind the growth of frozen fish sales.

TV commercial for Marco and Carlo's Deep Pizza, one of the United Biscuits' range of Italian dishes

Recover

A recent survey from Ross suggests that frozen fish sales have stayed buoyant over the past year because they are increasingly price competitive against other forms of protein. Consumption levels are beginning to recover from the slump experienced in the mid-70s and over the past two years, there has been a steady volume growth in the consumer fish market — 5 per cent in 1980.

Between 1969 and 1980, frozen fish sales rose by 47 per cent while the markets for fresh fish, canned fish, and cooked fish all declined.

Ross carried out market research into consumers' attitudes towards frozen fish and found that, in spite of the market growth, there were still a large number of families which had never tried many types of frozen fish.

Ross's survey showed, for example, that frozen battered fish had never been tried by 63 per cent of the sample survey. Similarly, breadcrumb products had never been tried by 65 per cent, fish-in-sauce products by 68 per cent and frozen smoked fish by 76 per cent. "This means there is still enormous potential for the future, given a concerted and aggressive marketing and sales policy by those in the industry," says Mr Howard Phillips, Ross's marketing director.

In value and volume terms, fish fingers are no longer the most popular fish products. Natural, smoked, or breaded fish fillets accounted for 29.1 per cent of frozen fish sales value last year, while fish fingers took 28.2 per cent by value. Battered fish steaks came third with 11.6 per cent of sales.

The second largest product sector is either frozen meat or frozen vegetables, depending on whose market share figures are taken. Generally, both meat and vegetables have about 28 to 29 per cent of the frozen food market by value between them.

In volume terms, frozen vegetables are by far the largest frozen foodstuff, with peas the most popular purchase. According to Birds Eye, frozen vegetables suffered a fall in demand in 1980. This was mainly because of the availability of plenty of fresh produce in the traditional early year peak demand period. Later in the year, a good harvest encouraged intense price competition to move stock holdings.

A recent trend has been the mixing of products, such as peas with baby carrots, sweetcorn with rice, and so on. However, the added value in vegetables is minimal — even in product mixes — so the market is really a commodity one and suffers, along with canned vegetables, from low profit margins.

The frozen meat sector has more producers than any other in the frozen food market — especially in the area of pies, pasties, sausage rolls and ready meals. Beefburgers remain the most popular frozen meat product and have been enjoying something of a resurgence in the past two years as a result of the fast-food boom.

Sales of beefburgers last year totalled £95m as fast food outlets like MacDonalds and Burger King made beefburgers fashionable. Birds Eye, the market leader, responded with a three-pronged marketing strategy to revamp its traditional beefburgers, introduce an all-beef variety, and sell double-sized burgers — quarter-pounders — similar to those sold in fast-food shops.

Among the new products which increased sales rapidly last year were frozen pizzas. One product development was the French bread pizza, introduced by Findus, while Birds Eye has introduced a pizza version into its own Griller range of snacks.

In spite of the current trend towards snack meals, less fattening foods, and savoury tastes, frozen cakes have shown a 60 per cent volume growth since 1977 and account for more than 40 per cent of the frozen confectionery market. According to Kraushaur and Eassie, Birds Eye is overwhelmingly dominant in the frozen cakes market with over 40 per cent of sales. This dominance stretches back to the 1950s when it invested heavily in resources and advertising in developing this market.

Other frozen cake specialists include Heinzel, Sara Lee, Lyons, Marks and Spencer, and Ross.

Kraushaur and Eassie see considerable potential in the exotic speciality frozen foods such as Chicken Kiev or Boeuf Bourguignon. However, they acknowledge that the practical difficulties imposed by the recession are considerable for the immediate future.

Ice cream sales increased sharply last year despite the wet summer. In 1980 about 290m litres of ice cream were sold in the UK, at a retail value of £350m, mainly because of the growth in home freezer ownership.

David Churchill

Families prefer smaller freezers

FREEZER OWNERS now account for 46.4 per cent—or £502m—of all frozen food sales and it is hardly surprising that the growth in domestic freezers over the past ten years has been one of the key reasons for the growth in overall frozen food sales.

The introduction of reliable domestic freezing technology in the 1970s coincided with consumer demand for more convenience foods as a result of such factors as rising living standards and greater numbers of working women.

Since the mid-1970s, the proportion of households with a domestic freezer has almost doubled, from 26 per cent in 1975 to 50 per cent in 1980. This means that freezers can now be found in about 10m British households.

Not all these freezers are new since second hand sales account for a sizeable proportion of the market, especially in encouraging consumers to instal a freezer. New freezer sales last year totalled 1.131m, a decline from the 1979 sales level of 1.273m units. Fridge/freezer sales last year totalled 560,000 (compared with 634,000 the year before) while traditional freezer sales totalled 571,000 (639,000 in 1979).

The trend in freezer sales throughout the past few years clearly has been towards smaller-sized freezers—often fridge-freezers—and in favour of upright models rather than chest-type freezers.

Bulky

This trend resulted after families found that their chest-type freezers were often under-utilised and also that they were too bulky to have in a kitchen. Thus only a quarter of all freezers are in the 12 cu ft and over category, compared with 56 per cent which are in the under 8 cu ft class.

Research into ownership of freezers by region, shows, not surprisingly, that the Southern Television area has the highest proportion of households with freezers—62 per cent. London follows with 59 per cent of households, then comes Anglia (55 per cent), Wales (53 per cent), and Tyne Tees (47 per cent). Scotland comes bottom with only 35 per cent of households owning freezers.

Freezer owners have particular buying preferences that distinguish them from non-freezer owners. For example, freezer owners buy more frozen peas than any other single product, while non-freezer owners buy fish-fingers most. For freezer owners, peas were followed in order of priority by beefburgers, then fish fingers and fish fillets, prepared meals of meat, chips, meat pies, other vegetables, meat pastries, and finally crispy fish.

This suggests that most freezer owners now prefer to use their freezers as a source of already frozen foods, rather than cook dishes especially for freezing.

D.C.

Little growth in catering sales

FROZEN FOOD sales to Britain's caterers last year totalled some £230m — a disappointment to manufacturers who see little sign of any real growth in the sector in the next year.

The Birds Eye business report on frozen food published in April showed that sales to caterers — mainly hotels, restaurants, industrial caterers and public institutions such as hospitals and schools—had risen from £210m in 1979, but that in real terms there had been no growth.

For the third year running the percentage share of frozen food sales to caterers fell. In 1978 the sector accounted for 23.4 per cent of total sales, in 1979, 22.8 per cent and in 1980, 21.3 per cent.

The report said the volume of sales to the catering industry is higher than the value suggests. About 28 per cent of all frozen food in 1980 was bought by caterers. This discrepancy is caused by the discounts caterers obtain on bulk purchases.

Frozen food manufacturers have tended always to be optimistic about the prospects for catering. Since the Second World War, the British food industry has mirrored developments in the U.S. and there about 40 per cent of food expenditure goes on food outside the home. Although the British figure is half that, the trend through the 1970s had been an upward one.

One of the main areas of growth in the 1980s has been assumed to be the public house. The brewers have been pushing pub food as a way of increasing business, but most of the 75,000 pubs in the UK are not yet beyond the crisps and rolls stage.

Frozen food seemed particularly suitable for public houses as licensees have to produce relatively large amounts of food in concentrated bursts. The convenience of frozen foods such as oven chips means that meals can be produced using equipment basically intended for the domestic kitchen and therefore involving little capital investment.

But the fall in beer sales—production in May was down 9.4 per cent on the same month last year—has worked its way through to some extent in public house food. When people stop coming into public houses to drink, there is a correspondingly lower demand for food.

Catering is traditionally hit by recessions. Eating out is one of the first items of expenditure to be dropped when money is tight, and it is the general effect of the recession that is at the root of the "stagnation" in frozen food sales to the catering market.

Quality

Industrial catering has also taken some knocks after considerable progress during the 1970s. But the need to produce large numbers of meals of a guaranteed minimum quality should mean further growth in the sector when the economy recovers. There is evidence that the economies of scale achieved by the large industrial catering companies means their reliance on frozen prepared foods will result in a bedrock of guaranteed support.

In its survey of the frozen foods market last year, Ross Foods found 17 per cent of all food served in industrial catering was frozen and there had been a marked increase since 1975. By comparison 30 per cent of all public house food was frozen.

The percentage of frozen food out of all food served in restaurants and cafes was 18 per cent, retail store restaurants 15 per cent, licensed hotels 12 per cent, schools 9 per cent, hospitals 10 per cent and social services 19 per cent.

But the consensus of opinion among frozen food manufacturers is that during the past year they have had to work hard to stand still. There has been a tendency for shoppers eating in retail store restaurants to have snacks, such as a cup of tea and a toasted teacake, instead of meals which would have had some frozen food content.

Apart from public house food, the other glamour sector for the frozen food companies has been the fast food outlets. Products such as pizzas and hamburgers all more popular, and the formula of a guaranteed standard quality and low overheads combined with the shift to franchising operations, has meant that the area is still full of potential.

Public spending cuts have hit the growth in the public sector. This represents a still largely untapped market. The change in the law on school meals last year and the rise of the cash cafeteria in schools has meant there has been some stimulus to frozen products such as hamburgers and chips. But at the same time there is evidence that many children are not buying school meals with a consequent fall in demand.

There has been a degree of trade union opposition to the introduction of centralised frozen food meal preparation. The unions are worried about job losses, and where centralised food preparation systems have been introduced they have often been implemented in the teeth of strong union resistance.

Shielded

While public expenditure cuts have hit the sector, the provision of meals generally has been shielded from the cuts in hospitals, day centres and meals on wheels. Demand for frozen food is likely to be boosted by the increasing number of old people and the probability that social services will have to introduce ethnic food in pre-packed meal form.

The market for frozen foods in the catering industry is dominated by potatoes and vegetables. Ross Foods found last year that potato products, including chips, account for 36 per cent, vegetables 20 per cent, meat products 14 per cent, fish 21 per cent, ready meal entrees 5 per cent and desserts 4 per cent.

The frozen food market generally during 1980 and 1981 has been dominated by the spectacular rise of the oven-ready frozen chip. This helped expand the total frozen potato sector by 40 per cent. Caterers, with their already installed frying equipment, have been less keen than the private cook to switch over, and the only sector of the catering market that has proved receptive to oven chips has been the small public house licensee preparing food in his or her own kitchen.

Gareth Griffiths

LOMBARD

Soviet defeat in Poland

BY DAVID SATTER

IN THE WAKE of the Polish Party Congress, the Soviet authorities are left to inspect disconsolately the wreckage of some of the basic assumptions which as recently as a year ago *formed the basis of* "the Soviet dream."

The Soviet Union has used its power cautiously and assessed where its national interests lie with great precision. But Soviet calculations were always based on the underlying faith that existing Communist regimes could never be displaced.

If the "American dream" holds that self-reliance and personal freedom will ultimately appeal to all people, Soviet optimism about the future has always assumed that a Communist monopoly of power, once established through force, can be sustained indefinitely through self-censorship.

In Afghanistan the so-called revolutionary regime installed after the Palace coup of April, 1978, *did* not *apparently* have enough power at its disposal to fight off a growing challenge to its rule. In this case the Soviet Union intervened militarily to help secure the regime and prop up the principle that, once installed, Communist regimes are irreversible.

Complex

The far-reaching democratic reforms in Poland, which have now been endorsed by the Polish Party Congress, have not altered the Soviet Union's own strategic position or displaced the Soviet Union's levers of influence in Poland, including economic aid.

They are, however, an almost unmitigated disaster for the Soviet Union in a deeper sense. They have demonstrated the previously discounted vulnerability of Communist regimes and have profoundly undermined Soviet optimism.

The competition between East and West has always been a complex matter of both short-term political considerations and underlying ideological expectations. In the case of the Soviet Union, however, specific instances of political success or failure have a direct bearing on the credibility of its ideology because the ideology holds that the progress of Communism is a matter of historical inevitability.

Poland will continue to call itself Communist and it remains a member of the Warsaw Pact. This may be enough to conceal *the magnitude of the Soviet* defeat there on a day-to-day basis.

For the long range purposes of Soviet ideology, however, it is not enough for a regime to call itself Communist unless it also partakes, if only to a limited degree, of the intellectual atmosphere of Communism—what is sometimes called dual consciousness and was described by Orwell as '*double think*.'

Dual consciousness is the ritual repetition in all public situations and particularly to foreigners of set propaganda positions which may have no relation to what the speaker actually believes.

It can exist only where the individual is so cowed by the authorities' monopoly of force, which makes him dependent in every aspect of his life, that he will express whatever opinions are necessary to guarantee himself a minimum of political and economic security.

The tell-tale signs of dual consciousness are mirage-like imitations of democratic institutions; trade unions which support management; courts from whose verdicts there is no recourse; newspapers which contain no information and *parliaments which unanimously* support the government.

Crumbled

The existence of dual consciousness does not reflect support for a Communist regime but rather massive self-censorship inspired by fear. It has been the achievement of the Poles *to discover* that when they used their unity to neutralise the government's monopoly of force, self-censorship disappeared and the whole edifice of dual consciousness almost instantly crumbled to the ground.

Without the loss of a single life, the Poles have re-established normal consciousness in the heart of the Soviet bloc and have set a precedent which could reverberate throughout the Communist world by changing people's perceptions about the political destiny of modern man.

When the judges leave it to arbitration

BUSINESS AND THE COURTS

BY CELIA HAMPTON

ARBITRATION, AS a matter of *common sense, must* be seen as an alternative to litigation. It may be no cheaper and in some cases no swifter, but it offers a different service which is plainly in demand. Otherwise why indulge in an arbitration if the same dispute is later going to be fully argued in the courts?

An arbitration in prospect is a very different matter from an adverse award, however. *Naturally a person who feels* badly treated once the award is given is going to seek some means of getting it changed.

Appeal on a "question of law" is a sufficiently elastic concept to meet the needs of almost any party to a commercial arbitration. Originating in the need to explain civil as well as criminal cases to an often illiterate jury, English law treats every dispute about the meaning of a written contract as a "question of law."

Until recently the review of arbitrators' awards by the court was more or less on the demand of one of the parties. It was also encumbered by an inconvenient procedural mechanism. The Arbitration Act 1979 was passed to correct this but it was also aimed at limiting the number of cases in which review was sought in the first place.

First, the parties may now agree with each other not to litigate the arbitrator's award at all. Second, where the parties have left this option open, the court will not hear any complaint which is merely theoretical and which will have no substantial effect on the rights of any of them. Third, the court can only hear a complaint if all the parties consent or if it gives leave itself.

This last opportunity was nearly the undoing of the 1979 Act. There are two opinions on the matter of judicial review of arbitrators' awards and the two are irreconcilable.

On the one hand there are those who favour the practical advantages of an award's finality, not least of which is the saving of further legal costs.

On the other hand, there are those who promote legal certainty in general and justice in the particular case as the paramount considerations. In terms of recorded case law, Mr Justice Robert Goff came out as the most vigorous proponent of *this* school of thought. Since the 1979 Act allows the court to review questions of law, he could find nothing in it to suggest that it should consider some questions of law and not others. Every dispute under a charterparty, an insurance policy, an engineering contract or a guarantee will raise a question of law, so the court should in effect grant leave in every case.*

The House of Lords has recently come down in favour of the first, restrictive school of thought.** Lord Diplock said "if ever there were a case which under the new procedure ought never to have been allowed to get any further than the arbitrator's award, this was one."

The charterers of the Nema had hired it for six or seven consecutive voyages to load it with titanium slag at Sorel on the St Lawrence River. Before the vessel arrived for the second loading, industrial action closed the cargo depot at Sorel.

The owners sought to cancel the whole charterparty, or at least the second voyage. The charterers agreed to pay the owners $2,000 a day while the strike lasted. For several months the strike continued. The owners, wishing to use the Nema for more profitable ventures, eventually rejected the charterers' instructions to return to Sorel for another voyage and legal proceedings began.

The crucial time factor in the dispute was the icing-over of the St Lawrence River in winter. The parties needed to know their rights in a hurry, for the disputed voyages were to take place during the remaining three months or so of the open shipping season. The legal issue at stake was: Was the charterparty frustrated by the strike? Could the owners regard the vessel as freed from the charterers' instructions?

An arbitration was fixed for September 26, 1979, and was heard by a single, very experienced maritime arbitrator. Two days later, he decided that the charterparty had been frustrated.

At the beginning of October the dispute came before the Commercial Court, and leave to refer the award to the court was granted. The Commercial Court gave judgment—reversing the award—on November 2, 1979, but it also gave leave to appeal to the Court of Appeal. To the later regret of that court, the Court of Appeal agreed to hear it and gave judgment on May 22, 1980. The House of Lords delivered its judgment on July 16, 1981. Both appellate courts supported the arbitrator's decision on the frustration of the charter.

Lord Diplock put forward important guidance on the judicial review of awards. The Act gives the court power to grant leave, but it also gives it the discretion to refuse it absolutely. When, therefore, should it be granted? Lord Diplock distinguished cases such as the Nema, where the charter was adapted in a peculiar way to the parties' needs, from standard form contracts.

In the first sort of case, described by the "convenient neologism, a one-off case," the judge should not give leave unless it is apparent from the award itself without hearing arguments that the arbitrator was wrong. Even if he thinks that he might be persuaded that the arbitrator was wrong, he should still not give leave if he thinks that the arbitrator may have been right.

In the case of standard terms the judge may be more liberal. Again, leave should not be granted unless there is a strong appearance of error on the arbitrator's part. If there is, the judge should test the issue by asking whether either the arbitrator applied the wrong law or no reasonable arbitrator could have reached that decision.

Questions of law arise out of factual events and their effect on the contracting parties' rights and obligations. Sometimes the event will be "one-off," in which case it will have little general application in other cases, even if the contract contains standard terms.

Other one-off events may crop up time and again in different disputes—the Mississippi floods and the Gulf War are examples—and it is desirable that arbitrators should have clear statements of the law to be applied. In such cases, therefore, leave may be given quite readily.

Lord Diplock, however, warned that the search for legal certainty may itself throw up a barrier to that end: "A super abundance of citable judicial decisions arising out of slightly different facts is calculated to hinder rather than promote clarity in settled principles of commercial law."

It is clear that fewer awards should be litigated in future. Many parties who have agreed to accept an arbitrator's decision will have to accept it when it comes, whether they like it or not. But the House of Lords judgment itself has to be interpreted by the judges of the Commercial Court, in the same way as the 1979 Act had to be. If speed in the acceptance of an award is essential, there is still scope for it to be defeated by the division of opinion between the judges on what is a clear misapplication of the law or a "one-off event."

**The Oinoussian Virtue (1981) Com. L.R., p. 32 and The Wenjiang (1981) Com. L.R., p. 159.*

***Pioneer Shipping and others v B.T.P. Tioxide, the "Nema." T.L.R. 17.7.81.*

Arlington Million shapes up

RACING

BY DOMINIC WIGAN

THE Prix de Diane heroine Madame Gay, and Grundy's brother, Centurius, talented but apparently none too enthusiastic, have been introduced as supplementary British entries for the Arlington Million.

However, their prospects of participation in the world's first $1m horse race may well look slim within a few days. A panel which includes the senior handicappers of the jockey clubs of Britain, France, Ireland, Argentina, and three from the U.S., is reducing the 56 entries to 24 possible starters.

The 24 nominated for the one mile two furlong event to be run at Arlington Park, Chicago, will be named on Monday.

The British entry is strong in numbers but not in quality. The ten-strong group is made up of Bel Bolide (J. Tree), Beldale Flutter (M. Jarvis), Centurius (M. Stoute), Fingal's Cave (J. Dunlop), Ghadeer (H. Thomson-Jones), Madame Gay (P. Kellaway), Motavato (B. Hills), Mrs Penny (I. Balding), Mushref (H. Thomson-Jones), and To-Agori-Mou (G. Harwood).

Cairn Rouge is Ireland's only entry, and France, too, has entered ten. The French entries include Argument, who must have a very live hope in view of his international record, including that fine victory in the Washington DC International over the sharp Laurel circuit.

There is racing at Sandown again today—but back to an afternoon programme, including the Star Stakes, which has been recently opened to colts. The two I like best are Sharlie's Wimpey and Warren Place's beaten Cherry Hinton Stakes favourite, Lavender Dance. Both these juveniles are highly rated by their trainers, Paul Cole and Henry Cecil. My narrow preference is for Lavender Dance, who was travelling well within herself before fading close home at Newmarket. She should be better suited by today's five furlongs.

Just over an hour later, Bold Raider, a bitter disappointment since chasing home To-Agori-Mou in the Intercraft Solario Stakes, can win the Heath Row Maiden Stakes.

SANDOWN

2.30—Witchingham Lass
3.05—Simette**
3.40—Lavender Dance
4.10—Monks Farm
4.45—Bold Raider***

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (UHF only). 1.12 pm Regional News (except London). 1.15 Midday News. 1.30 Chock-A-Block A "See-Saw" programme. 4.13 Regional News (except London). 4.20 Play School (As BBC2 11.00 am). 4.45 Scooby Doo: "Mine Your Own Business."
5.05 Newsround.
5.10 We Are The Champions.
5.40 Evening News.
5.55 Regional News Magazines.
6.20 Nationwide.
6.45 Holiday Report.
6.55 Bellamy's Backyard Safari.
7.25 Top Of The Pops.
8.00 Citizen Smith.
8.30 It Ain't Half Hot Mum (new series).
9.00 Nine O'Clock News.
9.25 The Good Old Days.
10.15 The Royal International Horse Show.
11.13 News.
11.15 Hello Universe!
12.15-12.10 am Weatherman.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 Open University.
6.55 Six Fifty-Five Special.
7.30 Spine Chillers.
7.40 Mid-Evening News.
7.55 Best of Brass.
†8.30 His Girl Friday.
10.00 Elisabeth Schwarzkopf Masterclass.
10.40 Cartoon Two.
10.45 Newsnight.
†11.30 Laurel and Hardy.

LONDON

9.30 am World Famous Fairy Tales. 9.40 Cities. "Athens." 10.30 The Outsiders. 11.20 A Big Country "Land Fit For Heroes." 11.50 Barney Google and Snuffy Smith. 12.00 The Ark Stories. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News At One. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Here Today. 2.25 Best Sellers, David Janssen in The Word. 4.15 Bugs Bunny. 4.20 Survival. 4.50 Sierra.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Operation Crossbow.
8.30 Rule Britannia.
9.00 Funny Man.
10.00 News At Ten.
10.30 Secrets Of Midland Heights.
11.30 Christians Under Fire.
12.00 What The Papers Say.
12.15 am Sit up and Listen with Peregrine Worsthorne.

All IBA regions as London except at the following times:—

ANGLIA

9.30 am Sesame Street. 10.30 Welcome to the Ceilidh. 10.55 Joe 90 (R). 11.20 Pro-Celebrity Snooker. 4.20 pm Vicky The Viking. 4.45 Little House on the Prairie. 5.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 TV Movie. 8.25 Bygones Encore. 10.30 Jim Davidson Show. 11.00 The Questors. 11.30 240 Robert. 12.30 am The Living Word.

ATV

9.30 am Larry The Lamb In Toytown. 9.45 Lost Islands. 10.10 Cities: Glasgow. 11.00 Sesame Street. 1.20 pm ATV News. 2.25 Film: "Operation Bullshine." 4.20 Vicky The Viking. 4.45 Little House On The Prairie. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.05 Film: "The Power Within." 10.30 Here and Now. 11.00 The Questors. 11.30 ATV News. 11.35 Police Surgeon.

BORDER

9.30 am Tarzan. 10.20 The World We Live In. 10.45 Stingray. 11.10 Little House on the Prairie. 1.20 pm Border News. 4.20 Vicky The Viking. 4.50 Project UFO. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Film: "Tennessee's Partner." 10.30 Take the Mick. 11.00 The Questors. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel News. 4.20 Sierra. Tails You Lose. 5.15 Our Little Town. 5.45 *News at 5.45.* 6.00 *Channel Report.* 6.10 Jack Duff and Friends. 6.35 Crossroads. 7.00 Curtain Raiser. 7.05 TV Movie: "Keeler." 10.00 News at Ten. 10.28 Channel News and Weather. 10.36 Brass in Concert. 11.20 The Questors. 11.50 News and Weather in French.

GRAMPIAN

9.45 am First Thing. 9.50 Pavilion Folk. 10.15 Target the Impossible. 10.40 A Big Country. 11.05 The Amazing Years of Cinema. 11.35 Stingray. 1.20 pm North News. 2.25 Film: "Operation Bullshine." 3.55 Teatime Tales. 4.20 *Little House on the Prairie.* 5.10 Police News. 5.15 Survival. 6.00 Summer at Six. 6.35 Crossroads. 7.00 Top Club. 7.30 Hagen. 10.30 Soap. 11.00 The Questors. 11.30 North Headlines. 11.35 Superstar Profile.

GRANADA

9.30 am The Bubblies. 9.35 The World We Live In. 10.00 Between the Tides. 10.15 Laurel and Hardy. 10.35 The Beachcombers. 11.00 Sesame Street. 1.20 pm Granada Reports. 1.30 Music from the Flags. 4.20 Little House on the Prarie. 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Walt Disney Classic. 7.05 Film: "Nowhere to Hide." 10.30 Celebration. 11.00 The Questors. 11.30 What the Papers Say. 11.50 Monte Carlo Show.

HTV

9.50 am Thunderbirds. 10.40 The Lone Ranger. 1.20 pm HTV News. 4.20 Spiderman. 4.45 The Flying Kiwi. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.45 War of the Planets. 10.28 HTV News. 10.35 George and Mildred. 11.05 The Monte Carlo Show. 12.05 am Weather.

HTV Cymru/Wales—As HTV West except: 12.00 Cei Cocos. 4.45 Ser. 5.15 Getting Ahead. 6.00 Y Dydd. 6.20 Report Wales. 10.35 Sioe Amaethyddol Frenhinol Cymru, Llanelwedd.

SCOTTISH

9.55 am Simon in the Land of Chalk Drawings. 10.00 Hands. 10.25 How the West Was Won. 1.20 pm News. 4.20 Little House on the Prairie. 5.15 Tiddlers' Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 End of Part One. 7.00 Now You See It. 7.30 Danger UXB. 10.30 Soap. 11.00 The Questors. 11.30 Late Call. 11.35 Brass in Concert.

SOUTHERN

9.30 am Wild, Wild World of Animals. 10.00 Freetime. 10.25 George Hamilton IV. 10.50 Survival. 11.15 Bailey's Bird. 11.45 Larry the Lamb. 11.59 The Ark Stories. 12.10 pm Stepping Stones. 12.30 Sullivans. 1.20 Southern News. 4.20 Beachcombers. 4.45 Flying Kiwi. 5.15 Capt. Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Film: "Bomb and 10.10." 10.30 People Rule! 11.00 Questors. 11.30 Father Dear Father. 11.50 What the Papers Say. 12.20 am Weather, A Church Wedding.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Patterns. 10.00 The Beatles. 10.15 Bill Burrud Documentary. 11.50 The Undersea Adventures of Captain Nemo. 1.20 pm North East News and Lookaround. 2.25 Cash and Co. *3.20 The Human Face of China.* 3.45 Life Begins at Forty. 4.15 Cartoon Time. 4.20 Herculoids. 4.45 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 The Incredible Hulk. 8.00 Big Jack's British. 10.00 *News at Ten.* 10.30 North East News. 10.32 Soap. 11.00 Double Top. 11.30 The Questors. 12.00 Modern Parables of the Sea.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 4.20 Little House on the Prairie. 5.15 Cartoon Time. 5.20 Crossroads. 5.45 *News at 5.45.* 6.00 *Good Evening Ulster.* 6.20 Police Six. 6.30 Happy Days. 7.00 Disney Cartoon. 7.05 Film: "The Mask of Alexander Cross." 10.00 News at Ten. 10.29 Ulster Weather. 10.30 Soap. 11.00 The Questors. 11.30 Bedtime.

WESTWARD

9.30 am Pro-Celebrity Ten Pin Bowling. 10.10 Thunderbirds. 11.00 Young Ramsay. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News. 4.20 Sierra. 5.15 Our Little Town. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Curtain Raiser. 7.05 TV Movie: "Keeler." 10.32 Westward News. 10.36 Brass in Concert. 11.20 The Questors. 11.50 Faith for Life. 11.55 Weather.

YORKSHIRE

9.30 am Sally and Jake. 9.40 Alphabet. 10.05 Bailey's Bird. †10.30 Hopalong Cassidy. 11.30 Ability is Where You Look for It. 11.55 Wattoo Wattoo. 1.00 pm News at One. 2.25 Best Sellers. 4.20 Jason of Star Command. 4.45 Sierra. 6.00 Calendar. 6.35 Crossroads. 7.00 Walt Disney Classics. 7.05 Film: The New Love *Boat. 10.30 Calendar Carousel.* 11.15 The Questors. 11.45 A New Kind of Family.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Dave Lee Travis. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Andy Peebles. 4.30 Peter Powell. 5.30 Newsbeat. 6.00 Top 30 Album Chart. 7.00 Paul Gambaccini. 8.00 Richard Skinner. 10.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 6.15 Pause for Thought. 7.30 Terry Wogan. 8.33 Racing Bulletin. 8.45 Pause for Thought. 9.30 Cricket. 10.00 Gloria Hunniford (S). 12.50 pm John Dunn (S). 1.45 Sports Desk. 2.00 Ed Stewart (S). 2.45, 3.45 Sports Desk. 4.00 David Hamilton (S). 4.45 Sports Desk. 5.45 News. 6.00 David Symonds (S). 6.45 Sports Desk. 7.30 Cricket Desk. 8.00 Country Club (S). 9.00 Alan Dell (S). 9.55 Sports Desk. 10.00 The Impressionists. 10.30 Star Sound Extra. 11.02 Sports Desk. 11.05 Brian Matthew. 12.00 News. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer (S). 10.00 Northern University Concert (S). 11.15 Northern Brass Ensemble (S). 12.20 pm Bournemouth Sinfonietta: Handel, Bach, Corelli (S). 1.00 News. 1.05 Concert: Tchaikovsky, Haydn (S). 1.55 English Music for Bassoon and Piano (S). 2.30 La Vida Breve Opera (S). 3.40 Raphael Sommer (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 The Vision of Piers Plowman (S). 7.30 Proms 81 (S). 8.25 Westminster: The Managing of Modern Art. 8.50 Proms 81 (S). 9.45 *Words. 9.50 Clementi (S). 10.15 Never a Day Without a Line.* 11.00 News. 11.05-11.15 Strauss on record.

VHF Only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 A Good Read. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 File on 4. 11.50 Enquire Within (S). 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 What the Foreigner Saw. 4.15 A Way of Living. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather. 6.00 The Six O'Clock News. 6.30 Any Answers? 6.55 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse (S). 7.30 The Man of Destiny (S). 8.30 Gemmell's Gardens. 8.50 Proms '81 (S). 9.45 *Kaleidoscope. 9.59 Weather. 10.00 The World Tonight*—News. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News. 12.15 pm Shipping Forecast.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 The Evening News. 5.15 Music On The Move. 6.33 Openings. 7.03 *Black Londoners.* 8.00 As Radio 1. 10.00 Question Time. 11.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 Peter Deeley. 2.00 pm Barry Jordan. 4.00 Max Miller. 7.00 London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra—Steven Allen. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

4.00 am *Early Show.* 7.00 Mike Smith's Breakfast Show. 10.00 Sarah Ward. 12.30 pm Nicky Horne. 1.00 First Report. 1.10 Nicky Horne. 3.00 Roger Scott. 6.30 London Tonight. 8.30 Peter Young. 10.30 John Sachs' Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,627

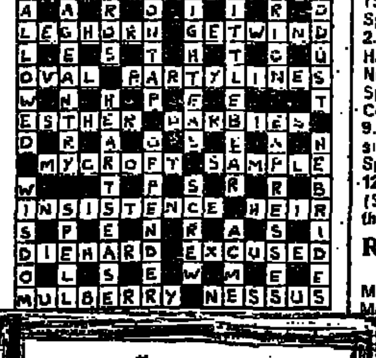
ACROSS

1 Water-colour engraving? (8)
5 Thin-spread butter and jam (6)
10 Practice; a large one is demanding (5)
11 Coast of Wild Heron Isle? (9)
12 Calm and collected, yet lacking vigour (9)
13 Old queen, Haggard heroine with a degree (5)
14 Undemanding method, by the way . . . (6)
15 . . . way aquatic creature returns in part of fugue (7)
18 Washington—Moscow equator? (3-4)
20 Ingredient of milk-shake as nice? (6)
22 Greek character started to deliver garbled tale (5)
24 Make nap too long (9)
25 Carters who used to walk on air? (9)
26 Dread variety of snake (5)
27 Wheel-shaped cycle to note (6)
28 Former examination of Beethoven symphony (8)

DOWN

1 *Odd man out takes principal* and interest together (6)
2 Primer spread around, etc. (9)
3 Booked accounts of J., Harris & Co. (5, 3, 2, 1, 4)
4 Sodium trail coming into being (7)
6 Defensive at the wicket, not easily ruffled (6-9)
7 Wear for priest's shoulder or civil engineers' body (5)
8 A lift from New York? (8)
9 Ascot's unexpected 11's? (6)
16 *Tread line carefully, as one* coming in late (4-5)
17 Dow in share shake-up; who will watch carefully? (8)
19 How sweetheart ran away? (6)
20 Church lease, perhaps, in site of Royal Hospital (7)
21 Towering prices trend? (6)
23 Very, for example, easily digested (5)

Solution to Puzzle No 4,626



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FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

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THE ARTS

Book Review

Pleasures of the piano

by EDWARD BOYLE

The Book of the Piano

edited by Dominic Gill. Phaidon. £19.50. 288 pages, numerous illustrations

Intending purchasers of the magnificently-produced volume *The Book of the Piano** should be warned that this is not a "popular" work, an undemanding romp through familiar territory by a single author chosen more for his skill as a writer than for his expertise as a musician. It is in fact an edited symposium of contributions by specialists — critics, performers, scholars, and restorers —whose joint work has been designed to cover nearly every aspect of the piano from its origins in the early 18th century down to the present day.

No praise can be too high for the quality of the numerous illustrations: the photographs, in colour and black-and-white, of instruments and their manufacture, of individual composers, and of contemporary prints and documents, besides the reproduction of musical autographs and, occasionally, of a painting which stimulated a composer's imagination like the Japanese lacquer which inspired Debussy's "*Poissons d'Or.*"

Nevertheless some doubts about the project do arise. To start with, it is not always clear what kind of audience is being addressed. The professional musician will not need to be told that Beethoven's Trio op 97 "ranks with the greatest of his chamber music productions": nor will he be helped by learning that in Wolf's songs the piano plays a role "comparable with that of the orchestra in Wagnerian music drama." The amateur music lover will, for his part, surely be surprised and dismayed to find no mention of the piano concerto. It is not only Tchaikovsky and Rachmaninov, but also Mozart, whose names suggest at once to him the concerto; after all, Mozart wrote more instrumental masterpieces in this form than in any other. He may also feel disappointed that only five chapters out of 16 deal with what he tends to think of as the standard repertory of the piano. Susan Bradshaw deals ably with "The Piano in the Twentieth Century," but "The Chronology of Pianists" at the end of the book show few of the names listed here are associated with composers later than Debussy or Ravel.

The other difficulty inherent in an enterprise of this kind concerns editorial control. The overlap between the chapters on "The Anatomy of the Piano" and "The Piano Makers" was, no doubt, inevitable, so that the earlier part of the latter chapter, describing Cristofori's fundamental invention (1709) of an instrument that allowed control of dynamics, Erard's decisive innovation (1822) which allowed the rapid repetition of a single note, and the German-American Henry Steinway's final step (1859) towards the modern grand piano (by combining the cast-iron frame with overstringing) reads almost like a précis of the former. A single contributor could surely have recounted the story of the design and improvement of the piano, from the inspirations of individual craftsmen down to the specialisation and high technology of the present day.

There is excessive repetition also in the accounts of certain American musicians — Heinrich, Gottschalk and Ives. The short chapter on "Eccentric Pianos" seems hardly to justify itself, though it does afford an opportunity for one of the most attractive coloured illustrations, the ornate Bösendorfer which was a birthday gift from Napoleon III to his wife, the Empress Eugénie.

By contrast, the lengthy survey of "The Jazz Piano" seems out of scale with the rest of the book and raises the question whether this particular aspect of the piano can sensibly be separated from the history of jazz as a whole.

This is a book about the piano, not a survey of keyboard music, and the chapter on "The Classical Piano," by Nicholas Kenyon, therefore opens with C. P. E. Bach and Haydn; the very full analytical treatment accorded to Haydn's sonatas deserving special praise. The next chapter by Misha Donat, entitled Crosscurrents, deals with Schubert, Schumann, Mendelssohn and Brahms, after which "The Romantic Piano," by David Murray, carries us all the way from Chopin to Ravel. We may wonder by what sleight of hand Schumann has been omitted from the chapter on the Romantics, and the answer lies in that "seemingly trivial trick of Romantic virtuosity . . . Thalberg's third hand," the effect whereby through an alternation of the thumbs a melody could be sounded, not in the bass or the treble, but in the middle. But this answer hardly sounds convincing since, while it may well be true that much of Schumann's duller piano music conforms to the old Classical ideal of tune-and-accompaniment, the F sharp major Romance from Schumann's Op 28 notoriously makes use of Thalberg's invention.

The difficulties of categorisation are indeed shown clearly in this part of the book, since both Debussy and Ravel, who conclude David Murray's study of the Romantic Piano are cited by Professor Gerald Abraham under the heading "The Reaction against Romanticism" in his contribution to the concluding volume of the New Oxford History. Still, there is much of interest in this chapter, especially to the lover of French music, and Mr Murray emphasies the part played by Ravel's friend and contemporary Ricardo Viñes, Cortot, and Miles Long and Selva in pioneering the new music of the time.

There follows a short but typically perceptive study of "The Romantic Pedal," by Charles Rosen, who shows with the aid of some well-chosen music examples from Beethoven, Chopin and Schumann how the "miraculous" effect of the penultimate number of Schumann's "Davidsbündlertänze" could only have been discovered while improvising at the keyboard: "The sonority of the piano has now become a primary element of musical composition, as important as pitch or duration."

Lastly, I should mention the two chapters which deal with pianists themselves. Bryce Morrison in "Notes on the Grand Romantic Virtuosos and after," defines virtuosity as, first, "a transcendental expertise that illuminates but does not extend beyond a reasonably scrupulous reading of the text," and secondly "a phenomenal quality that unashamedly delights in its own exuberance — an aesthetic embodied to some degree in the Italian word sprezzatura."

Yet "virtuosity" is not synonymous with pianistic brilliance. Was Schnabel (vide William Glock in the New Grove) entitled to call himself a "creative virtuoso"? Bryce Morrison would say "yes" (so would I, whenever I hear the recording of the slow movement of Mozart's K 467), and Mr Morrison is surely right to insist that "an ability to 'get around' the keyboard must never be confused with virtuosity."

Perhaps he gives us the essential clue when he describes Lipatti devoting himself "not so much to the attainment of mechanical perfection [though he did achieve that, too] as to a degree of accuracy and control that he considered worthy of Bach, Mozart or Chopin."

Sir Clifford Curzon, in his delightful Epilogue, carries the argument one stage further still when he emphasises that a great performer should leave the impression that he has composed the piece himself, "almost that he is composing it as he plays." Equally, to receive this impression is, for the listener, the most exciting of all musical experiences, especially when, as a music-lover, one is privileged to share it with ears that are more finely tuned than one's own.

Christine Jones in One Night Stand

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Royal Court

Restoration

by MICHAEL COVENEY

Edward Bond's last play on this stage, *The Fool* (1975), set a harsh picture of English rural life against a poet's reading of it. John Clare's verses tickled London society and the play memorably examined the poet's loyalties stretched between two worlds.

Without finding a comparable resonance Bond digs once more among the potato-eaters in this densely-written fable of life on the underside of Restoration comedy. Taking his cue from Farquhar, the main artery of the writing throbs with the collision of country servitude and town foppery. This is first concentrated in the potent image of Lord Are striking a pastoral pose pinned to a representational set in order to ensnare an industrialist's daughter. Are's ambition is not so much financial improvement as the widening of a power base. The Restoration corollary of sexual gratification never crops up.

Are's wife Ann (Eva Griffith) pines for pregnancy and the smoke, but her disappointment is encapsulated in a characteristically Bondian apparition of Ann's ghost interrupting her man's breakfast. Stapping his vitals and swearing by last year's breeches, Are deals with the problem by ordering more toast and releasing another cute apothegm: "Who can fathom the mind of one suddenly raised to the peerage?" He then kills her and enlists his livery to take the blame.

Bob the livery's story is one that for much of the play runs parallel to that of Are's footman Frank. Both are fine examples in Bond's roll-call of dislocated working-class worthies and both go up in the world in the only way open to them, in a hangman's noose. On the way there are some tremendous scenes of below-stairs agitation, the best of them starting off as a playful quarrel over a disappearing silver spoon that develops into a serious act of class treachery. Bob's mother (Elizabeth Bradley) weeps over the theft on account of having polished the stuff all her life; she will later pay tragically for her illiteracy by lighting Are's fire with her son's pardon. Bob's wife (Debby Bishop), the daughter of a black slave, reacts differently and becomes spokesman for the play's moral conscience.

It would be convenient at this point to hail Bond's production as serving his own interests. The absolute opposite is true. In spite of the resilient work of Philip Davis (acting with the fury of a trapped stoat and singing Nick Bicât's punchy, demanding music with a Roger Daltry-style command of expression and pitch) and Nicholas Ball as the young male servants, the show is feebly executed mish-mash. Debby Bishop's Rose has no poise in her big scenes and her futile visit to Are's London-based mother is ruined by the fuzzed and approximate work of Irene Handl. Many of the scenes go on for far too long but that is the fault of Bond the director rather than of Bond the writer.

Certain episodes, such as the muddied, strange reappearance of Nicholas Ball in Peterborough Jail, are virtually impossible to follow. The design of Hayd Griffin and Gemma Jackson keeps the rock band hovering threateningly above the action but the musical impact diminishes as the evening grinds on.

Simon Callow

There remains Simon Callow's Lord Are, a powdered fool cutting himself off from reality in a barrage of quips and insults but never really hitting the required inflammatory style. It is a star performance all right but the sky is too cloudy for him to shine more than intermittently.

Glyndebourne

Le nozze di Figaro

by MAX LOPPERT

This Glyndebourne season goes from strength to strength. For the latter half of its run, the *Figaro* revival takes on five new principals and a new conductor, and throws out an account of the opera even more rewarding than that by the earlier contingent.

It is distinguished above all by the return to its truest form of the Peter Hall production (even if, curiously, the first cast was rehearsed by Sir Peter himself and the second by his assistant, Roger Williams): that is to say, the peculiar restrained intimacy, the "interior" quality of the action, promoting in equal measure comedy and pain, is once again felt to be its most remarkable achievement, without twirls or titbits of farce. Following so closely on the recent Covent Garden *Figaro* an exhilarating star performance on a "big house" scale—the Glyndebourne experience is enhanced, not strained, by the comparison.

The focus of interest shifts to the female roles, partly because Knut Skram—he was the very first Figaro of the production, in 1973—returns in clear voice as a highly capable but not highly vigorous personification, and because the Count, Alan Titus, shows himself an accomplished performer and singer struggling (if that is not too strong a word) to acquire an elevated Mozart style not yet wholly his own.

If the basic antagonism fuelling the opera wants still sharper thrust, the other kinds of necessary involvement and identification are immediately invited and sustained—pairings and groupings beautifully weighted (how effortlessly "conversational" is the scene-setting for Cherubino's song to the Countess), solos finely timed and placed, upon both the sage and the instrumental ensemble. In fact, Cherubino, the handsome Colette Alliot-Lugaz from France, was on Thursday unable always to rely on her sweetest tones or her truest intonation. In all ways but those, this was a Cherubino of exquisite finesse, tall, flushed, poised for flight and conquest.

When they exchange clothes, the relative stature of Felicity Lott's willowy Countess and Maria Fausta Gallamini's Susanna causes a slight problem of verisimilitude. Up to that instant, this is a brilliantly contrasted mistress-servant partnership. The Italian soprano (I first encountered her as Ravel's Enfant at La Scala) is in the Sciutti line—effervescent, elfin, and resilient, with a voice of fragile but securely manipulated substance and a lovely bounce on the words. (To hear two Italians, Susanna and the Marcelina of Nucci Condo, spitting "inciviltà" at each other is to be reminded of a level of communication necessarily missed by the non-natives.

Miss Lott I found a touch fluttery and tearful, a touch effusive, in her opening scenes, and her singing seemed at first "sketched in," in the most graceful way, the notes lightly traced rather than struck to their centre. The full eloquence of the singer, and the full range of her soprano, were engaged in "Dove sono," its difficulties rendered easy, its complex of emotions outlined with noble simplicity. Here likewise the conducting of Gustav Kuhn, always musicianly and unhurried, found the key to the opera. Mr Kuhn gets a full, shining sound from the LPO: it was a particular pleasure to hear such a rich viola line in Barbarina's opening of Act 4.

Apollo

One Night Stand

by B. A. YOUNG

This has come in from the Coliseum, Oldham, where I saw it a couple of months ago, without much change. It tells the story of a rock group, Rocky Young and the Teenbeats, formed in 1962 when its members were studying for their A-Levels. Perhaps "tells the story" is going too far. It watches them at work and at play, most of the play being devoted to sex (though as both they and their girls are Roman Catholics they run into some handicaps). They sign up with a dicey agent who ultimately gets them into *Sunday Night at the Paladium* and the Royal Variety Show on the strength of a number called "Can you twist John Peel?"

A lot of it is funny, and there is loud rock-and-roll music that may not compare well with the King's Singers but is to my mind nicer than the ghastly sounds of the punk groups and the Oi singers. But as I said before, most of the jokes are not for the drawing-room. They plumb bad taste to the roots. Perhaps it would be best, rather than to skim through Roget for synonyms for common, to say they are the kind of jokes you would be likely to hear from the kids in a youth club when the warden was out of earshot.

All the same, it is enjoyable in its way. There is lively playing from the boys of the group, Jeffrey Longmore, Cliff Howells, Andrew Hay and Richard Platt, and some entertaining cameos from Roger Phillips and Clive Duncan in a variety of parts. The girls, Christina Jones, Linda Jean Barry, Patricia Winslow and Candice Hartley, are a match for the boys in every way.

Mike Harding wrote script, music and lyrics; his observation of the 1960s world as it impinges on secondary-school boys is acute. The director is Kenneth Alan Taylor, who has kept things going briskly most of the time.

Music of the Century

The Music of Eight Decades, a series of eight concerts devoted to 20th-century music jointly presented by the BBC and the London Orchestral Board, and backed with Arts Council money, will start at the Festival Hall on October 28 with the British première of Schnittke's "In Memoriam," along with works by Stravinsky, Scriabin, and Janacek.

The series, backed by £40,000 from the Arts Council money in 1981-82 and more for the next season, is an attempt to attract an audience for modern music which traditionally plays to small audiences and to losses for the orchestras. The concerts stretch to May, 1982, and through a subscription system you can go to eight concerts for the price of five.

Among other premières are a world première of Jonathan Lloyd's "Waiting for Gozo," commissioned and played by the London Sinfonietta, and a British première of Lutoslawski's "Novelette" on May 6 with the LSO. On May 11 Peter Maxwell Davies' "Black Pentecost," with the Philhamonia, gets its world première.

Six of the concerts will be held in the Festival Hall, a bold gesture, and two in the Elizabeth Hall. Four will feature the BBC Symphony Orchestra, two the London Sinfonietta, one the LSO, and one the Philharmonia. All will be broadcast.

ANTONY THORNCROFT

Albert Hall/Radio 3

Lloyd's 6th symphony

by DOMINIC GILL

Tuesday's Prom, given by the BBC Northern Symphony Orchestra under Edward Downes, was to have opened with the premiere of a new symphony by Roger Smalley—but the parts arrived too late to rehearse, and its place was taken by the sixth symphony of George Lloyd.

Lloyd was born in St Ives in 1913. He studied the violin with Albert Sammons and composition with Harry Farjeon. To date he has written 10 symphonies and three operas, and many works for other combinations, which have only rarely, if ever, been performed. He is a splendid example of that peculiarly and happily English genre of artists who keeps steadfastly, and with marvellous conviction, to his chosen path over the years, evidently content in his isolation, undeterred by any amount of unflattering comparison or neglect.

To judge by his sixth symphony, which was written in 1955-56 and performed for the first time by the BBCNSO last year, Lloyd is not so much a genially old-fashioned composer as one who is genially and wholly impervious to fashion. The work seems to spring from nowhere—in the composer's words, "concise, bright and lively with a minimum of development." It is catchy, jolly music, neatly and unpretentiously scored that goes nowhere in particular (quite as much it seems to come from nowhere in particular) with quiet assurance. It is really not dislikable; and even the composer himself, with engaging modesty, could not think of a great deal to say about it at his pre-Prom talk. He likes Dvorak, and loves Verdi; and so do we. Suddenly in the symphony's finale, however, a kind of ancestry did begin to flicker on the screen: a pretty whirl that recalled nothing so irresistibly as the continuity music, sewn together in a single movement, from a 1950s Ealing Studios comedy.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1980							
1st qtr.	109.9	100.3	100	110.2	158.6	1,379	193
2nd qtr.	106.6	97.1	98	109.2	164.3	1,498	159
3rd qtr.	103.4	93.5	84	108.9	170.3	1,699	120
4th qtr.	100.6	89.4	79	109.0	205.2	2,020	98
Nov	100.6	89.4	82	109.2	192.8	2,030	96
Dec	100.0	88.4	79	108.4	236.0	2,137	99
1981							
1st qtr.	99.1	88.2	98	112.7	174.4	2,304	100
2nd qtr.				111.0		2,507	89
Jan	98.7	88.0	91	114.0	177.6	2,228	104
Feb	99.4	88.6	93	112.9	170.1	2,304	98
March	99.2	87.9	110	111.4	175.3	2,381	97
April	98.8	88.1		111.4	181.6	2,452	94
May	98.0	87.2		110.6	177.1	2,515	92
June				111.0		2,552	83
July						2,582	92

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
1st qtr.	104.5	101.8	123.6	99.4	57.3	92.1	13.3
2nd qtr.	98.0	97.5	123.3	94.0	94.2	85.8	15.2
3rd qtr.	97.0	96.0	117.2	91.9	76.6	82.2	12.5
4th qtr.	93.9	90.8	116.9	85.9	70.6	77.2	10.1
Nov	94.0	91.0	117.0	86.0	73.0	78.0	11.2
Dec	93.0	89.0	117.0	84.0	70.0	76.0	7.1
1981							
1st qtr.	93.6	86.6	117.0	82.6	76.4	78.2	10.6
Jan	93.0	87.0	116.0	83.0	74.0	77.0	10.1
Feb	94.0	86.0	118.0	82.0	77.0	79.0	11.1
March	93.0	86.0	118.0	82.0	78.0	79.0	10.8
April	93.0	87.0	117.0	84.0	77.0	76.0	12.4
May	92.0	86.0	117.0	82.0	80.0	76.0	14.7

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
Oct	124.5	106.3	+506	+711	+133	105.3	28.03
Nov	129.4	114.6	+410	+615	+ 54	105.6	28.19
Dec	125.7	114.5	+353	+559	+ 35	105.1	27.48
1981							
1st qtr.							28.34
Jan	123.9	101.3	+742	+1,043	+210	106.4	28.39
Feb	121.7	114.3	+314	+614	+231	105.1	28.43
March							28.21
April							28.07
May							26.49
June							25.63

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1980							
2nd qtr.	− 1.5	10.7	23.3	+3,472	697	1,964	17
3rd qtr.	11.8	36.1	45.2	+6,336	1,090	1,933	16
4th qtr.	8.8	20.1	11.2	+3,327	1,253	1,793	14
Nov	6.2	17.7	7.7	+ 971	285	559	14
Dec	16.1	20.9	7.0	+ 925	448	605	14
1981							
1st qtr.	6.4	8.6	12.4	+1,343	1,081	1,884	12
2nd qtr.	23.1	16.3	6.5	+4,145	1,103		12
Jan	5.8	11.7	10.0	+ 345	446	620	14
Feb	13.0	7.8	12.8	+ 149	366	638	14
March	0.8	6.4	14.2	+ 849	269	626	12
April	25.3	13.4	3.9	+2,024	296	655	12
May	22.1	18.9	6.9	+ 968	436	608	12
June	21.9	16.5	8.7	+1,153	371		12

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1980							
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	94.5
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	96.7
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
Nov	192.6	203.4	206.2	274.1	260.0	270.56	101.1
Dec	197.3	205.1	206.7	275.6	262.7	262.53	100.2
1981							
1st qtr.	195.3	213.8	212.2	280.4	268.7	257.79	101.2
2nd qtr.				294.0	277.0		
Jan	193.3	209.7	209.9	277.3	266.7	251.88	102.0
Feb	194.8	214.0	211.9	279.8	268.9	259.93	102.5
March	197.8	217.8	215.1	284.0	270.6	261.56	99.7
April	199.3	221.3	218.0	292.2	274.2	258.61	99.2
May	201.5	226.1	219.2	294.1	276.7	255.14	98.8
June		229.5	221.0	295.8	280.0	245.07	95.4

* Not seasonally adjusted

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Thursday July 23 1981

Living with Mr Reagan . . .

THE achievements of the seven-nation economic summit which has just ended in Ottawa are fairly meagre, but they are not quite as meagre as might have been feared from the advance publicity. Before it opened, it was being billed in Washington mainly as a "get-acquainted" meeting, without any serious attempt to reach conclusions. In the event, the language of the communique is slightly more encouraging than that, and would seem to indicate that, while there may not have been any immediate narrowing of differences in Ottawa, at least there may be a greater readiness to discuss these differences in depth. In-depth discussions may not lead to convergence of views, but at least it is a more promising approach than the rhetorical slanging matches which have characterised trans-atlantic relations these past six months.

Predictably, least progress was made on the vexed question of the impact of high U.S. interest rates on the economies of continental Europe, and indeed of the rest of the world. The Europeans have reiterated their protests at U.S. monetary policy, but by implication they appear reluctantly to have conceded defeat, and will give the U.S. another six months before returning to the attack.

Protectionism

Some passages in the communique suggest a greater degree of convergence than there really was. It says that inflation and unemployment must be tackled at the same time, but Mrs Thatcher quickly made it clear that this does not imply any change in the priority her Government gives to the fight against inflation. The communique also proclaims the traditional belief in a liberal world trading system, and promises a continuing commitment to resist protectionist pressures. But Mrs Thatcher seems to have left Mr Zenko Suzuki in no doubt that Japan's relentless export drive could lead to protectionist retaliation by Britain. National minds having previously been made up, they are not easily changed by two days of discussion.

There would seem to be somewhat greater grounds for optimism, however, in those passages of the communique dealing with East-West trade on the one hand, and with relations between the rich countries, the poor countries and Opec on the other. Washington has repeatedly warned against over-dependence on trade with the East bloc, and some of its spokesmen have gone as far as to accuse Western Europe of what they call "self-Finlandisation." The communique now recognises that East-West trade is a complex balance of interests and risks.

Vague offer

While the high-level discussions on the subject now promised are unlikely to lead to complete agreement (since America's interest in East-West trade is very different from West Germany's), a serious attempt to make a joint assessment of the risks might at least lead to more understanding. By contrast, it is hard to make any sense of the vague American offer to look after the Germans if only they would withdraw from the proposed Soviet gas pipeline deal.

Finally, the summit seems to have nudged the U.S. into taking (at least on paper) a slightly less hard-nosed attitude towards the developing countries. To be sure, there is a lot of emphasis on the efforts they make to help themselves, as well as on the need for them to encourage inflows of private capital. But there are also commitments to participate in preparations for global negotiations with the developing countries, to maintain substantial aid, and to ensure that the multilateral institutions have adequate financial resources, as well as an interesting offer to the surplus oil exporters to explore ways of channelling funds into energy investment in the developing world, perhaps in partnership with these institutions. It is hard to be sure how much these commitments will be worth in practice, but at least the offer to consider new solutions to new problems is a first step.

Firm views

The trouble is that we know that some of the leaders present at Ottawa are more noted for their dogmatism than for open-mindedness, and when an unnamed American official comments afterwards "We walked away with most of the prizes," scepticism returns. Yet even if President Reagan has not been won over by President Mitterrand's views on development aid, or Chancellor Schmidt's on East-West trade, at least he must now sense that they are as firmly held as his own.

. . . and Mr Volcker

PRESIDENT REAGAN may have chosen to defend the level of U.S. interest rates, but it is not clear that it would have made any material difference had he chosen to apologise for them. Mr Paul Volcker, the chairman of the constitutionally independent Federal Reserve Board, was totally unyielding in his latest Senate appearance.

Critics of U.S. policy may argue that the U.S. tax regime, which allows all borrowers to pay interest out of untaxed income, implies that rates must be correspondingly higher if they are to check the demand for credit; but although this is true, the U.S. is unlikely to change its fiscal habits to suit the convenience of its trading partners.

It can also be argued that the Fed itself is being less than candid when it describes its policy objectives in terms of monetary growth. As the targets for monetary growth are progressively tightened, it is hard to escape the impression that the Fed is pursuing an interest rate policy in thin disguise, choosing whatever target will lend credence to an extension of high rates. However, since the Fed seems to believe passionately that only a fairly long exposure to dear credit will change behaviour, such objections are equally unlikely to produce any practical results.

Measures

The real problem of living with Mr Volcker is the different relative weight placed on fiscal and monetary measures of restraint on each side of the Atlantic. The British Government decided with some pain in March to abandon its tax-cutting objectives for the time being in order to create conditions for lower interest rates. The Federal authorities in Germany and the new Irish government have just taken somewhat similar and equally painful decisions. The question is then a matter of how to get through the present episode without suffering the worst of both worlds—fiscal restraint at home and high real interest rates imported from the U.S.

In Germany rates have been allowed to rise steeply, but not steeply enough to stabilise the dollar-D-mark rate. To check a still further rise in interest rates, the authorities have intervened fairly heavily in the exchange markets, with some success.

In Britain the authorities have tried to avoid any upward adjustment in interest rates, mainly by letting the exchange rate take the strain, and the result has been much more problematical. The weakness of the exchange rate has reawakened fears of accelerating inflation, and the spectacle of the authorities supplying cheap money on a large scale to relieve market pressure has further undermined confidence. Although there was quite a strong technical reaction in the markets yesterday, conditions remain extremely nervous—not at all the intended result.

Demand

Our own belief is that while some of the official action has been heavy-handed, the market is to some extent living in the past. The German experience is enough to suggest that any attempt from this side of the Atlantic to check the rise of the dollar would almost certainly be futile. So long as sterling is reasonably stable against other European currencies, the policy is attaining the only achievable exchange-rate objective.

Currency market intervention also has a role to play here, if not a dominant one. At a time when UK residents have been adding rapidly to their foreign currency portfolios, it is perfectly reasonable to meet some of this demand from official reserves. This can be seen simply as a form of privatisation, and is just as helpful as the sale of other State assets in checking Government borrowing and reinforcing monetary control. What makes less apparent sense is to counter this funding effect with liberal assistance to the money markets, while at the same time asking for bids of a record £1bn Treasury bill issue.

Somewhat less self-contradiction and more public explanation might do something for confidence.

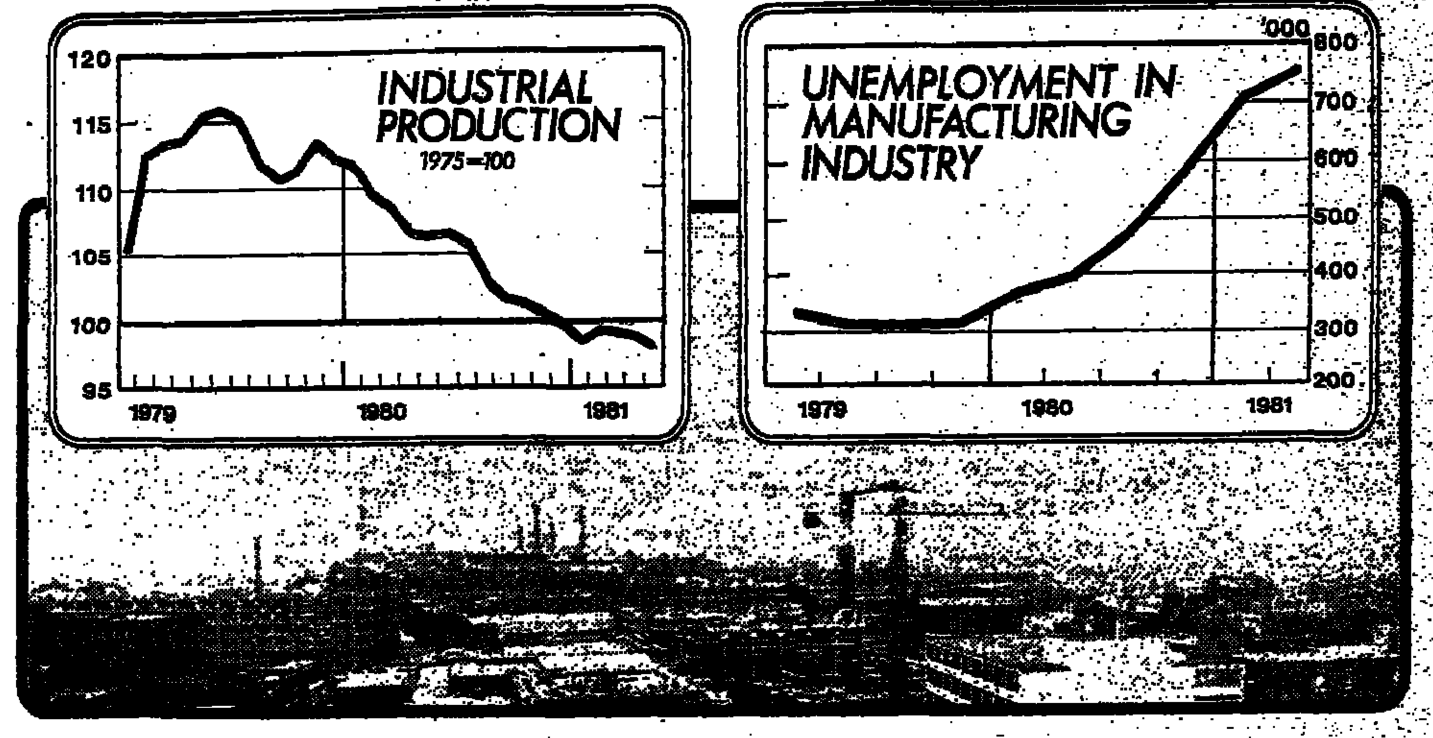
On the other hand a gilts market which appears to be discounting the end of the world is surely overstating our present difficulties. The Opec surplus, which makes exchange rates so volatile, is already receding, and the Volcker squeeze will ease in its time.

THE STATE OF BRITISH INDUSTRY

1: The recession

The long wait for better times

By John Elliott, Industrial Editor



A FRESH mood of despondency is beginning to sweep across manufacturing industry, starting in the North-West and echoed in the Midlands and the North-East. After more than a year of battling against the effects of the recession, the vagaries of international exchange rates and the impact of the Government's policies, industrialists are realising that the slight *optimism encouraged by Ministers* in the spring was a false dawn.

There is little sign of demand picking up. Redundancies are continuing, and there could well be a fresh surge of them in the autumn.

Managers are increasingly having to admit that, while they may hold on to some productivity gains, there is no real evidence of a dramatic permanent change in the attitudes of workforces and unions in many areas. And, when the economy begins to recover, they say that there is little chance that they will be able to hold wage rises down.

This pessimism is developing despite remarkable achievements by companies in cutting out wasteful products and processes, slimming down management structures and overheads, introducing new technology, and laying the ground for some potentially significant productivity improvements when demand does improve. Trade union full-time officials and shop stewards in many areas are also being positively co-operative instead of merely reflecting the unemployment fears of their members.

But manufacturers are becoming frustrated because, after achieving so much, they can now no longer be confident of enjoying better times in 1982. The view is put particularly forcefully by Mr John Tavare, chairman of Whitecroft, a Manchester-based textile, engineering and building supplies group, who is the Confederation of British Industry's north-west chairman: "We are now for the first time most concerned about the prospects for 1982 *unless policies change*," he says. "This has come through strongly in recent weeks from our members. Companies allowed for their problems through 1981, but are now wondering how they will cope with 1982."

At the same time, there is growing resentment about the way that profitable companies have been forced to contract or have been pushed out of business. "I don't thank the Government for kicking viable companies over the edge," says the chairman of a major engineering group of companies.

As this sense of frustration increases, industrialists are aiming their criticisms particularly at two targets. One is the Prime Minister for not being sensitive enough to the crises she is forcing on industry. The other is the partnership of Sir Ray Pennock and Sir Terence Beckett at the top of the CBI for apparently becoming too close to the Prime Minister after their thwarted "bare knuckles" fight threat against the Government last November. There is a growing feeling that the two men are not striking the right balance between full support for the Government's aims in general, and sharp effective criticism of its failings on specific issues, such as public sector spending and investment.

"Even a year ago I was worried that Mrs Thatcher and Sir *Keith Joseph would not know* when to stop the pressure. Things have gone too far. The industrial base is being eroded to the extent that too many customers and too many suppliers are vanishing," said one company chairman.

These worries have emerge during two weeks of interviews in key industrial areas of the country ranging from Merseyside and Manchester to the Home Counties, Humberside and the North East. There are strong regional differences. The North-West for example coincidentally appears to be doing best in changing labour traditions and breeding small businesses—while at the same time being the most pessimistic about further redundancies and closures. Some industries—notably those involved in electronics and energy saving—are the most buoyant, and some public sector suppliers have often fared better than those trading abroad (despite cutbacks in public expenditure). But there is no resurgence of confidence, despite marked easing of destocking. Any restocking is believed to be only temporary in the run-up to holidays.

There can, however, be no doubt that many of the Boardrooms of Britain are grateful to the Government for creating the environment in which their managers have been able to make sweeping changes. "We have rediscovered a *cadre* of factory managers who have gone back to managing. Mrs Thatcher has given management the environment to make changes," says Mr Dick Giordano, the American chief executive of British Oxygen (BOC): "Never in my 20 years in production management have we had such a mood for getting things done," says a senior ICI manager.

These views tend to be heard most from companies which had decided for various reasons to sort their businesses out before the main effects of the recession began to be felt in the winter of 1979-80 and before Mrs Thatcher's policies began to bite. Such companies—which include BL, British Steel, Plessey, Northern Engineering Industries, parts of ICI, Courtaulds, and many others—have been able to move faster and dig deeper into entrenched inefficiencies, overmanning and restrictive practices, than their directors and managers had ever dreamed would be possible. Many of them are still cutting back and do not mind having the help of economic strictures and political severity for a little longer.

There are, however, many other companies which, while they acknowledge that they have been able to make themselves leaner and fitter, resent being diverted from more constructive activities.

This view is specially prevalent among successful export-oriented companies which have been hit hard by the levels of sterling and whose directors are often jealous of the way that their more home-based counterparts have been able to survive more easily (often with the help of public sector orders). "We are invited to believe we are weeding out the weak companies in this recession. What we are doing is weeding out those who have to compete in foreign countries, the wealth creators on whose backs others survive. The efficient have been hit and often the less efficient left free," says Mr David Brown, the outspoken founder and chairman of DJB Engineering, a highly successful Peterlee-based manufacturer of earth-moving equipment who has been shocked by companies like Fodens being forced to close.

A similar view comes from Mr Ian Bonas, the 39-year-old chairman of Bonas Machine Tools of Sunderland which exports 90 per cent of its output. Even though he supports the Government he says: "We have done worthwhile things to our company in the past year which will make it better in the future. But we have been forced to be inward-looking rather than growing out and expanding into new markets. So probably on balance we have not gained. I've seen opportunities float past my desk which we haven't been able to take."

> "We have done worthwhile things to our company in the past year which will make it better in the future. But we have been forced to be inward-looking rather than growing out and expanding into new markets. So probably on balance we have not gained."

Bonas, like many other companies, has cut its overheads dramatically, slimmed down its management from board level as part of a series of redundancies, reorganised its marketing and sales organisation, and is now more optimistic because, somewhat surprisingly, it has encountered a significant recovery in orders for its textile machinery.

Many such medium-sized companies employing a few hundred people have had to trim investment, defer research on new ideas, and delay product launches because the hoped-for revival has yet to occur. Platignum of Stevenage, for example, which is heavily affected by international competition, has been forced to extend cuts introduced a few years ago as part of a modernisation programme. It is still waiting for evidence that the pen market will recover in 1982 and that it will not have to cut further. "We would have carried out many of our changes anyway, but the Government has forced the last 25 per cent swing of the scalpel," says Mr Christopher Andrews, the 40-year-old chairman.

It is, however, large companies in more traditional heavy industries, located in the toughest industrial areas, which have gained most in the past year or so. A company like Plessey has been helped at its Edge Lane factory in Liverpool gradually to switch from being a labour-intensive manufacturer of electro-mechanical telephone equipment to a capital-intensive producer of the electronic System X system.

At Otis Elevator (part of U.S.-based United Technologies) on the traditionally militant Kirkby Estate in Liverpool, a new era of co-operation and potential international competitiveness has been introduced as radical changes have been made. And at ICI's Mond division in nearby Runcorn, heavy cut-backs have been carried out and management streamlined. But more surprising still is the transformation in some steelworks, particularly at Llanwern and Port Talbot in South Wales and in almost all shipyards. At Cammell Laird's yard on the Mersey at Birkenhead, not one day has been lost through industrial disputes this year (compared with 7 or 8 per cent of available man-hours four or five years ago), despite a cut in the labour force from 5,000 to fewer than 3,300 in just under two years.

But there have been some outbreaks of trouble. ICI Mond, for example, had the first strike in its history last week as frustrations over cut-backs and pay boiled over temporarily. At Peterlee, DJB Engineering had its first-ever strike last month over pay. In the more placid countryside of Hertfordshire a Letchworth engineering company with traditionally good labour relations—the Morse Chains subsidiary of Borg Warner—had a major four-week strike recently over redundancies while Hull lived up to its militant tradition earlier this year with a bitter strike over jobs and pay at Priestman, an Acrow subsidiary.

These events seem to suggest that it is the traditionally militant companies and industries in the toughest areas like Plessey, Otis and Llanwern, which, after years of trundling *towards the cliff edge*, have looked over and pulled back into an uncharacteristic co-operative relationship with management.

Those with less of a militant tradition — ICI Mond, for example, Morse Chains and DJB—however, have gone over the brink as shop stewards appear to have flexed their muscles on the unaccustomed tensions of cutbacks and pay restraint. (Priestman is an exception among the companies mentioned and illustrates that some managements and trade unions do not seem to be changing their areas' warring traditions.)

Optimism about a permanent change in shop floor or trade union attitudes appears to be voiced more often by managers, union officials and shop stewards in the North-West than the North-East or the Midlands. But even the most hopeful acknowledged that trade union activists will re-emerge when business picks up and will try to reassert themselves.

Many managers are confident that the organisational changes and new manning levels will, *for the most part*, become permanent. But they are less sure about being able to make many more radical changes and they are almost unanimous in saying that wage rises will be difficult to hold back.

Some companies are making hopeful noises about reducing settlements from 7-10 per cent levels in the past 12 months to 4 to 7 in the next annual round in line with the hopes of the Government and the CBI. If their worst fears about the recession are proved right and if inflation continues to decline, *they might be able* to make such figures stick. But I did not meet one senior manager in my tour who felt that his unions or workforce had changed their natures enough to accept such low rises when prospects improved, particularly if a group such as the miners sets the pace well into double figures.

Tomorrow: The prospect for improved productivity.

MEN AND MATTERS

The Midas touch

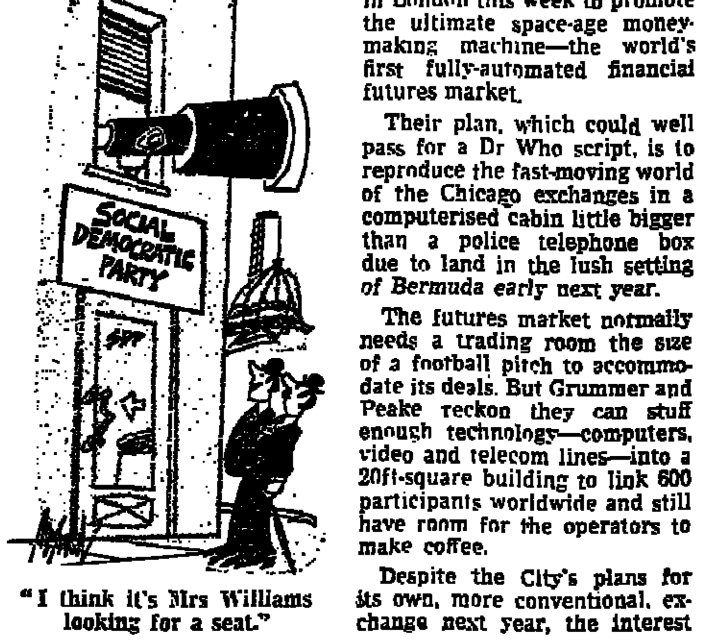
Professor Arthur Laffer, President Reagan's hot gospel preacher of supply-side economics, yesterday unveiled his vision of a golden future to a suitably sober audience of City bankers and insurance men.

Burning with fervour for the U.S. Administration's born-again "growthist" economics, the fresh-faced Laffer outlined his route map to a promised land free of high interest rates, inflation and unemployment over a long lunch. For 90 minutes, while his audience chomped their way through smoked salmon and roast beef, Laffer tirelessly expounded on his vision, ignoring all offers of food and drink.

Not even the U.S. could hope to survive without a return to the gold standard, he explained, causing more than a few forks to hover before open mouths with the claim that the President would be restoring the dollar's convertibility to the yellow metal "probably next May or June."

Laffer—a "classical" economist—said he believed in controlling "the quality, not the quantity" of money and was equally dismissive of both Keynesians and monetarists. He scored the Fed's attempts to try to control the money supply as "just throwing resources away," since slower monetary growth leads to "more, not less, inflation."

The professor alerted his audience to "a return to the roaring Twenties" in the U.S. in the U.S.in the 1980s and 1980s, but warned them to sell gold. Reagan could peg the bullion price as low as $200 to $250 an ounce. In principle, the price would be fixed "for ever" though, in a moment of rare hesitancy, he later added that the Treasury may have to order a suspension from time to time during the odd crisis.



"I think it's Mrs Williams looking for a seat."

Auto-mart

Backed by Texan oil money, U.S. commodity brokers Eugene Grummer and Junius Peake are in London this week to promote the ultimate space-age money-making machine—the world's first fully-automated financial futures market.

Their plan, which could well pass for a Dr Who script, is to reproduce the fast-moving world of the Chicago exchanges in a computerised cabin little bigger than a police telephone box due to land in the lush setting *of Bermuda early* next year.

The futures market normally needs a trading room the size of a football pitch to accommodate its deals. But Grummer and Peake reckon they can stuff enough technology—computers, video and telecom lines—into a 20ft-square building to link 600 participants worldwide and still have room for the operators to make coffee.

Despite the City's plans for its own, more conventional, exchange next year, the interest shown by banks and brokers here is "gratifying," they report.

It will cost $12,500 to join, plus monthly rentals of computer terminals and local line costs. "But," says Peake, "Bermuda is a marvellous place to visit." Even if it is only to see the telephone wires.

Spanish steps

Oliver Everett will undoubtedly have to tread with care if he decides to return to Madrid. Everett, until March the Head of Chancery at the British Embassy, was widely featured in the Spanish Press when it was announced that the was returning to Britain on secondment to the Prince of Wales's private office with a brief to look afted Lady Diana's paperwork.

So it was with more than a little surprise that the Spanish greeted the news that the young royal couple were to start their honeymoon from that most contentious flashpoint of Anglo-Hispanic diplomacy, Gibraltar.

Stifled by Buckingham Palace protocol, the unfortunate Everett was unable to tell me yesterday whether he had pleaded for a less controversial boarding point for his Royal master. "It is simply a coincidence that I'm here," he said. "It is not for me to comment on that angle."

If the Foreign Office were taken aback by the withdrawal of Their Most Catholic Majesties of Spain from the royal roll call, in Madrid it was clearly considered to be a political inevitability.

All of which is most distressing for the Anglophile King Juan Carlos, who first met Queen Sophia at a party at Claridge's following the Duke of Kent's wedding in 1961.

Indeed, so close are the Spanish Royal Family to our own, that they were scheduled to join the exclusive group of wedding guests who are staying at Buckingham Palace and Windsor at the personal invitation of the Queen and Prince Philip.

Tea break

Sorry to have missed the chance of a cup of tea with Humphrey Salmon for there is probably no one in London these days who knows quite so much about England's traditional tipple.

Salmon retired yesterday as chairman of Warren Plantations after 52 years in the tea trade. He is one of the last generation of East India men, joining brokers Lloyd Matheson and Carritt as an 18s 6d-a-week apprentice in 1929 and spending eight pre-War years as a polo-playing planter in Assam.

"I had no idea what I wanted to do—and that seemed as good a life as any," he says. But after wartime service in India, the Middle East, North Africa and Europe, he returned to London to join East India merchants Begg Roberts.

"They really wanted a younger man but I persuaded them they needed someone who knew how many annas made a rupee," he said. Salmon was made a partner in 1949 and, after a merger with James Warren, eventually took over the new company chair in 1975.

For many years he was responsible for the marketing of Warren's tea production. But, much against his own inclinations at the time, led the company's first move from this base into Kenyan coffee. A move which has continued into Indonesian rubber and palm oil, Australian cotton and wheat, and a host of activities from printing to light engineering in the UK.

"Diversification was a dirty word to me," says Salmon. "I'd always been a tea man." But he has certainly changed his mind since. "There's too much tea around now," he says. "And little demand for the top quality that makes a really tasty cuppa."

Observer

ECONOMIC VIEWPOINT

The economic consequences of Warrington

NOT LONG ago, I heard a sweeping lunchtime indictment by a prominent academic of Mrs Thatcher's public presentation of economic policy. "Not such an uncommon experience" may be the first reaction of a reader who happens to frequent gatherings of this kind.

What was interesting was that the academic in question did not want the Government to lose office; and the main brunt of his criticism was that the Prime Minister was highly likely to lose the next election for the Conservatives. Even more remarkable was the fact that my lunch companion was someone whom I would guess had voted Labour or Liberal much more often than Conservative. On my asking him why he was so pre-occupied with the next election and why we could not have a non-partisan discussion of economic policy, he replied that his main fear was a "Benn Government" and that the Prime Minister's behaviour was making it almost inevitable.

The conversation took place of course well before the Warrington by-election. The disquieting feature of the discussion of economic policy in recent months has been its alarming "politicisation." (The word "politicisation" is an extremely ugly one, but no reader has responded successfully to my invitation to suggest a better alternative.)

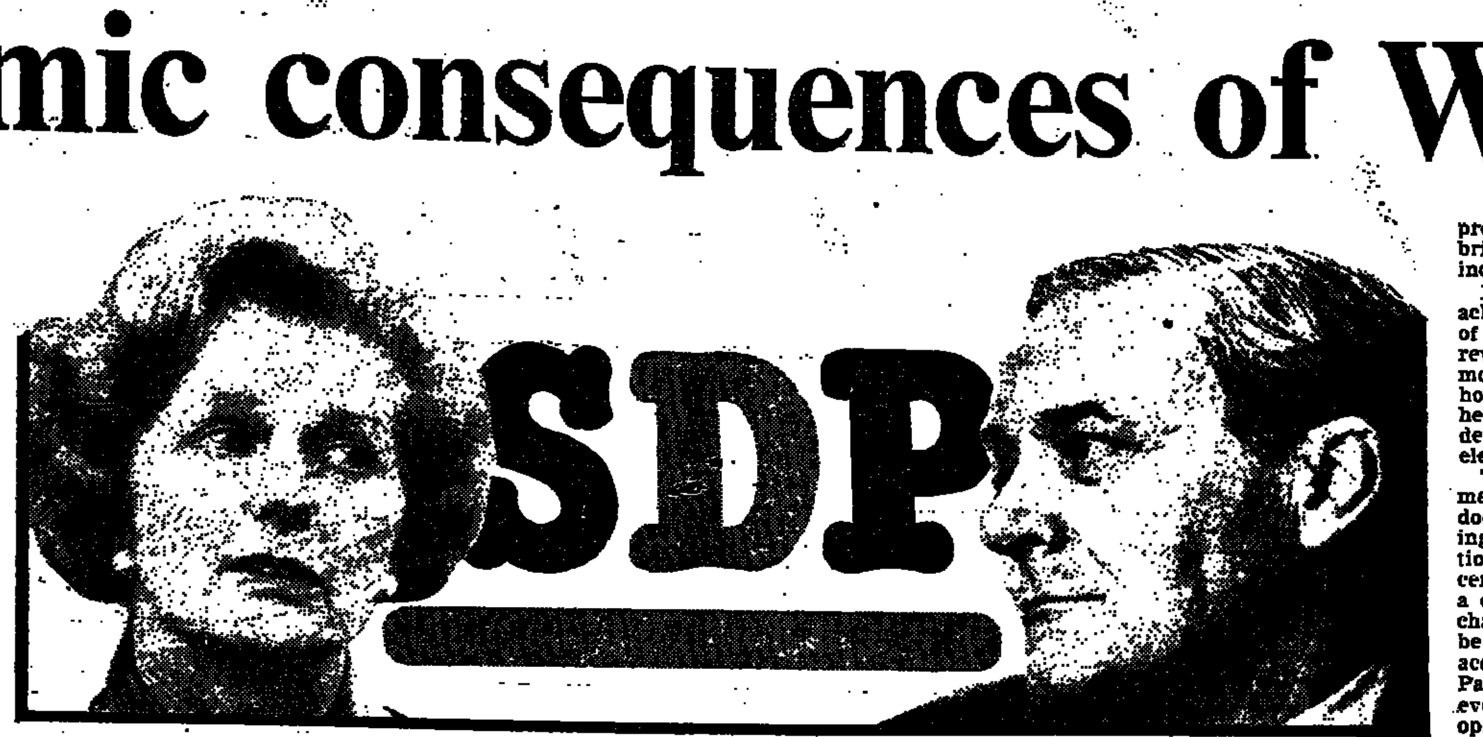
It is only just over two years since the last election; and the next election will not have to be held for another three years. Yet already it is being assumed that economic decisions should not be made on their own merits, but on the basis of their effects on Conservative chances next time round. So everything is subordinated to the needs of a continuing election campaign.

The worry is not that some Conservative MPs talk in this way — that is only to be expected. The worry is that people remote from party politics are increasingly trying to second guess the politicians and talk in a similar way. Stockbrokers' circulars are beginning to include political writers speculating on the effects of election tactics on monetary and fiscal policy. Economists are assuming that strategies to "stop Benn" should override the normal analysis of policy options. Even foreign observers with no previous interest in British politics have begun to join in the game of speculating (a) on the policy changes required to save the next election for the Conservatives, and (b) the chances that they will succeed.

The political obsession does not stop with the discussion of Government policies. There are signs that business decisions are being influenced by forebodings about a future Benn Government. It is possible to exaggerate this element. The previous upsurge in sterling coincided much more closely with the overthrow of the Shah and the subsequent oil price increases than with the calling of the 1979 election and the Conservative victory. Similarly, the present fall in sterling, though blamed on fears of a Benn Government, began when a cut in the price of Mexican oil was announced.

But having made all the necessary qualifications, political fears do seem to have become an element in, for instance, the build-up of British residents' balances in overseas currencies; and at least one prominent corporate finance officer has suggested that firms should plan on the assumption of the reimposition of exchange controls.

These examples show in embryonic form what is meant by politicisation. Everything comes to depend on who is in control of the Government. Investment decisions and even personal decisions about the choice of a career or place to live are taken not on their merits—as these would be under a reasonably stable institutional environment—but on the basis of a guess about who will win the next election or risk avoidance against an unfavourable result.



The significance of the Social Democrat breakthrough for economic policy and for business is that it should ultimately exorcise the spectre of a Militant Tendency Labour Government.

The specific fears about a Benn Government are, I suppose, that union influence would become predominant, that nationalisation threat would hang over all major businesses and, above all, that decisions would be made by cabals of political and union activists, who would make the normal establishment of Ministers and civil servants seem like a vision of heaven. While any Government might be driven to impose exchange or import controls the fear is that a Militant Tendency Labour one would revel in imposing them for their own sake in draconian fashion, with little prospect of their being lifted. Similarly, confiscatory taxation on upper incomes would be imposed not to raise revenue or redistribute wealth but vindictively to destroy classes, life-styles, and people who arouse envy in others.

For the sake of symmetry or fairness, the Thatcher influence on the Conservatives is often treated as the mirror image of the Benn impact on Labour. But matters are rarely that simple. Many "Thatcherite" ideas such as reducing union power, putting a break on public spending, and the need for monetary and fiscal restraints were gaining ground among people of all parties in the 1970s as a result of experience of their opposites.

Under a different political system such shifts could have taken place incrementally—for instance by Mr Denis Healey as Chancellor, shifting the emphasis from wage norms to the monetary and fiscal targets to which he was—as he now does not like being reminded—committed, and by a shift in the composition of Cabinet towards Ministers less inclined to fight tooth and nail for their departmental spending interests.

Instead the policy shift was introduced after an election which itself had followed Mrs Thatcher's coup in the Conservative Party to which much of the Parliamentary Party and Cabinet is still quite unreconciled. Not being able to sell their policies to their own colleagues, economic Ministers have been unable to reach out for support to a broader political spectrum. Few non-Conservative politicians or commentators are going to risk being associated with policies dubbed as "extremist" by the so-called left wing of a Conservative Cabinet. The implicit coalition which makes up the present Government is more likely to get the worst of all worlds than an explicit coalition made up from different groups in a House of Commons elected by proportional representation.

* * *

THE SIGNIFICANCE of the Social Democrat breakthrough in Warrington for economic policy and for business is that it should ultimately (a) exorcise the spectre of a Militant Tendency government being elected as a by-product of a much simpler desire of the electorate to throw out the present team and (b) help to bring back the politics of incrementalism.

If both these objects can be achieved then the politicisation of life stands a chance of being reversed. Politics might become more interesting and more hopeful. But the present unhealthy dependence of so many decisions on hopes and fears of election results will be reduced.

"Incrementalism" does not mean inertia or fossilisation. It does mean that instead of flinging the gauntlet at the Opposition, Governments will concentrate on reforms which have a chance of surviving electoral change. Indeed, reforms will be more secure if they accumulate over a series of Parliaments in response to events and the evolution of opinion, building on success and learning from failings.

If the Social Democrats become the main opponents of the Conservatives, it would be impossible for the delicate institutions of a mixed market economy to be overturned by an unrepresentative body of militants acting in the knowledge that if they can capture the Labour Party the swing of the pendulum will ultimately bring them to office.

In the meanwhile, the political and the economic debates would both benefit from a degree of separation from each other. One of the greatest strengths of the Social Democrats is their reluctance to be tied to specific policy commitments or manifestos; and my greatest fear for them is that under the influence of the Liberals they will be pushed prematurely towards detailed proposals (for instance on incomes policy) which they would come to regret in Government.

* * *

JUST AS in a Mahler symphony there are many funeral marches and ferocious orchestral outbursts before the idyllic music of the promised land dominates the proceedings, so there are hideous obstacles to be negotiated before the Social Democrats can replace a Militant Tendency Labour Party as the main opponent of the Conservatives.

The most important of these is the electoral system. In a general way its deficiencies are known. But its full horrors are not. Not only is it arithmetically possible on certain assumptions for Liberals and Social Democrats to win 30 per cent of the votes but only just over 40 seats. It would also be possible for Labour to obtain 33 per cent of the votes—or 4 per cent less than last time—and win an overall majority, on the assumption that the remaining votes were equally divided between the Liberal Social Democratic Alliance and the Conservatives.

It has often been observed that the Liberals and Social Democrats hang together or hang separately. But this is true not only of them but of the Conservatives and the Healey wing of the Labour Party. All four groups have, however much they dislike admitting it, more in common with each other than with present mainstream Labour.

It is asking too much that the last two groups should agree on electoral reform — although a promise to introduce it could well be the most vote-winning proposal the Conservatives could put in their manifesto. But at the very least a few strategic withdrawals in key seats at the election could prevent Militant Tendency MPs being elected on a minority vote. In the last resort, however, an end to excessive politicisation depends on electoral reform being achieved — which means the next Parliament, with luck.

Samuel Brittan

Letters to the Editor

No shortage of land

From Mr D. Miller

Sir,—The complaints of the Federation of Master Builders (July 21) that there is a serious land shortage that might lead to rising house prices ring somewhat hollow here in the West Midlands. There are housing sites available in this region capable of holding 135,000 dwellings. Over one-third of this land is standing with planning permission and free of any development constraints, the remainder of the available land can be prepared in a similar form over the next five years. This would provide more than enough land to meet the building rates of the past few years.

The major constraint on housebuilding in this region is not the shortage of land nor any actions of the local authorities holding up development. Indeed, over half the available land is in private ownership. The primary factor militating against development is current market conditions. The building industry is hampered by high interest rates and the consumer is increasingly subject to the wider effects of the current economic situation. Fewer houses are being built for a contracting number of people who are able to buy.

While "greenfield" sites will always offer the greatest rate of return and the most marketable housing, it will be some time before economic conditions return to a position that will allow a greater scale of development in these locations. Other opportunities however, do exist, particularly within the major urban areas, where some contribution could also be made to the regeneration of the older parts of our cities. The building industry should take advantage of the real opportunities that are currently available rather than taking the easy way out and passing on the costs of their own preferences to the consumer via higher house prices.

David Miller.
West Midlands Planning Authorities Conference.
Stanier House,
10 Holliday Street, Birmingham.

The pensions scene

From the managing director Wyatt Harris Graham

Sir,—Mr Blair, chairman of the National Association of Pension Funds' Parliamentary committee refers (July 16) to the report on our firm's recent newsletter urging employers to reconsider now the decision to contract-out of the state earnings-related pension scheme. He feels that this advice must be based on "premature assumptions" since the Government has yet to decide on revised contracting-out terms, which will apply from April 1983, and on behalf of his association "advises its members and employers generally to await a Government announcement of the revised terms."

It is difficult to see why the NAPF should make such a statement since the "revised contracting-out terms" will only cover the terms on which it is possible to reverse an earlier contracting-out decision and, on their own, will not affect the question of whether or not an employer should actually cease to be contracted-out. This will depend on the employer's detailed assessment of the advantages and disadvantages of contracting-out versus contracting-in which was not properly considered in 1977 and 1978 when so many private sector employers originally elected to contract-out.

The only significance of April 1983 in this context is that, however the "buy-back" terms are revised, there is virtually no chance of them being improved, but every chance that they will be worsened. With a couple of years' experience of contracting-out behind them a number of employers, particularly medium-sized companies, are wondering whether the advice to contract-out originally given to them was, in fact, impartial and proper advice. They do wish to reconsider the situation and would be well advised to start their investigations now to ensure that they will be in a position to take advantage of the current attractive buy-back terms should they actually decide to cease contracting-out.

If employers follow the NAPF advice to defer such an investigation until the revised "buy-back" terms are issued, which will not in any case be material to their investigation, there is a real possibility that they will miss the April 1983 deadline, bearing in mind the complexity of the exercise and the possible requirement to consult with employees.

Hyman Wolanski.
30-32, Queen Anne's Gate, Westminster, SW1

No guarantee of security

From Mr L. Coulthard

Sir,—Mr Kaletsky's Friday article on pensions and the corporate state makes several telling points in the debate that has followed the Occupational Pension Board's report. May I add one or two more?

Historically, the first pensions were offered by philanthropical employers concerned for their workers' wellbeing and could only be applauded as extremely generous benefits. More "commercial" employers joined in, realising that pensions effectively "anchored" those employees with unusual skills, or those occupying key jobs demanding continuity.

In the last decade, as the demand for qualified staff and executives grew, most companies have adopted staff pension schemes and top hat supplementaries, etc., because without them they couldn't attract employees of adequate calibre. Pensions which began as philanthropy have become commercial necessity.

It is, thus, nonsense to describe pensions or insurance cover or company car or BUPA as side benefits, since all these items are lumped together with the salary to make the total cost of hiring an individual.

It is, thus, fatuous for the pensions establishment to argue that a pension scheme is "a private arrangement between an employee and his employer and that Government should not interfere."

The current recession—with 250,000 managers and executives made redundant among nearly 3m unemployed—has taught us that no company—no matter how long-established and prestigious — can guarantee security. Nobody, at any level, has a guaranteed job for life.

That being so, there can be no argument for maintaining the present approach. Surely our Parliamentarians could take a day off from abusing each other in order to ban compulsory pension schemes, insist on improved transferability and allow individuals to opt out to make their own arrangements with normal tax relief? It is as simple as that. Mobility is here to stay. Why should the person who moves voluntarily or by redundancy lose out to those who stay behind? The latter should beware, they may be the next to go!

Leslie Coulthard.
10, Wallside,
Monkwell Square,
London Wall EC2.

Pay as you go

From Mr R. Nottage.

Sir, — In his article "Pensions and the corporate state," (Lombard Column, July 17) Anatole Kaletsky referred to the way in which Britain's system of employer-based pension schemes penalises those who change jobs; and, in pursuit of his "daylight robbery" theme, he could well have mentioned its failure to maintain the real value of the pensions it pays to those who have retired.

As a possible reform Mr Kaletsky suggests that individuals should be offered the option of managing their own pensions investments. This, I fear, would not be the financial answer, although it would, of course, add to the sum of human liberty. The individual would be beset with the same intrinsic problems as those from which employer-based group schemes suffer — namely the need to finance one's pension by the pay-in-advance method, and the difficulty, if not the impossibility, in the present state of the world of earning a positive real rate of return on the huge quantity of portfolio investments that nation-wide pensions of good quality require when financed by the pay-in-advance method.

A further point to take into account is the heavy administrative cost of running a large number of individual schemes, a cost which would ultimately manifest itself in the pension payable as a ratio of the amount contributed to it.

The only solution to the "daylight robbery" problem presented by Britain's employer-based pension schemes lies in increased use of the pay-as-you-go state pensions scheme with a corresponding reduction in the obligations that the employers have been willing to assume through their schemes but are unable to meet, except at inordinate cost.

Raymond Nottage.
36E, Arkwright Road, NW3.

Contracting out

From the Chairman, Martin Paterson Associates

Sir,—Dennis Blair of National Association of Pension Funds (July 16) advises employers to defer reconsideration of contracting-out of the State scheme until the new terms are known. We consider the advice wrong.

The question of contracting-out of the state earnings-related scheme is essentially a long-term decision about whether an employer should refuse the insurance offered by the state for part of his future pension commitment. Many employers are becoming increasingly worried about the cost of their final salary schemes. One cause of this anxiety is that the true cost of pensions earned now cannot be properly assessed until many years later. In contrast, the state for those who contract in, offers a finite cost for pension earned in a particular year. A decision about whether to take advantage of this offer should not therefore be dependent on a marginal difference in the official terms. It goes, in fact, to the heart of the employer's long term objectives in running his business. Does he want employee costs as far as possible to be known in the year in which they arise, or is he prepared to accept a larger element of uncertainty in these for the sake of providing maximum pension through the company's own hands?

Although the decision itself might reasonably be deferred until the new terms are known, it will take considerable time to contemplate all the other issues involved. An important preparatory step when reviewing the question of contracting-out is to design a prototype of the scheme which would be suitable if contracting-out ended and to have this costed. This step may require re-thinking benefit objectives. The employer will also need to consider how he will present the scheme changes involved to the employees and unions and time will be needed for normal consultation. If every employer decided to carry out this exercise next spring, how could their advisers cope? It is not difficult to predict the outcome, namely that, partly due to shortage of time to make the necessary changes, employers will buy the easier option of carrying on for another five years, thereby postponing the decision until 1988.

If, however, a change is contemplated it is particularly desirable to make it before April 5 1983. This is because the terms for ending contracting-out are at present very favourable and are due for change. Moreover, it is much more attractive to buy back just before the end of a fiscal year than just afterwards. Employers will also realise that, since buying back into the State scheme means adjusting past service benefits under their schemes, the longer this is left the harder the adjustment becomes.

Martin Paterson.
10, Buckingham Place, SW1.

The value of architects

From Mr W. Wilson.

Sir,—The president of the Royal Institute of British Architects (July 17) would have done better to extol the undoubted skills in his profession as designers and creators of the built environment rather than protest too much (at the expense of other professions) their abilities as managers. They, architects, belong unarguably to the design professions and in that alone divorce themselves entirely from the management of the construction process which after all is a large proportion of the whole. Some would say their reliance on cost planning and cost control by others is a further demonstration of management limitations —that is if management is seen to be a technique of evaluating and solving problems in a timely and economical way.

I suggest it is these shortcomings allied to the traditional design processes in building that have brought into being the various design construction contracts currently in existence. Almost certainly the trend will accelerate as users compare the time scales for completion in the building industry with those achieved in, for example, the petroleum industry (North Sea oil platforms) where quick and effective results in very difficult circumstances are achieved—often by the same contractors working to a different form of management.

The people who are responsible for the design and construction of comparable works—roads, railways, refineries, chemical factories—are not architects. They indeed assume comprehensive management responsibilities and so deserve somewhat better regard than that offered by Mr Luder—as in fact also does the Quantity Surveyor. Certainly none demands personal indentification and I surmise this is true of those engaged in ship, aircraft construction and other forms of creative activity. Indeed, might not the singling out of an individual's name in a multi-disciplinary activity be regarded as an act of poor management?

Finally, Sir, I identify myself as a generalist engineer, not wholly without experience in some of the industries quoted. And saddened a little by the reappearance of ancient dogma best unpublished.

W. L. Wilson.
Oakwood, 34, Chestnut Avenue, Chorleywood, Herts.

Is this a record?

From the Editor, Popular Video

Sir,—The credibility of the recent Green Paper, "Reform of the law relating to copyright, designs and performers' protection" — if indeed it has any credibility — is seriously damaged by the statement, as reported by you (July 16) that: "Video recorders are not a threat to producers of pre-recorded video-cassettes as they cannot copy them except when they are broadcast." Accepting that your reporter may not have been expert in the matter, and therefore would not have thought to elicit comment from any source on this statement, I hope you will see fit to put the record straight.

Any video pirate, and most of the video public, is aware that by the simple expedient of placing two video recorders side by side and connecting the RF output of one to the RF input of the other a pre-recorded cassette can be copied on to a blank. Currently, this is not a major problem, considering the cost of video recorders and the size of the market.

But by ignoring it in the short term, and indeed helping spread ignorance, the Government, blank tape manufacturers and all concerned with the growth and continued health of a young industry are sowing the seeds of the self-same problems which have reduced the record industry to its current begging bowl attitude.

Paul Phillips,
Popular Video.
30, Wellington Street, WC2.

Today's Events

GENERAL

UK: British Rail resumes talks with unions on pay.

Overseas: Meeting of EEC Budget council, Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Consolidated Fund (Appropriation) Bill.

House of Lords: British Nationality Bill (committee).

OFFICIAL STATISTICS

Institutional investment (1st qtr). Consumers' expenditure (2nd qtr—1st preliminary estimate). New vehicle registrations (June). Bricks and cement production (2nd qtr).

COMPANY MEETINGS

Alpine Soft Drinks, Richmond Way, Birmingham, 12. Ambrose Investment Trust, Institute of Chartered Accountants, EC, 12.30. Beechwood Construction, Dragon Hotel, Swansea, 12. Bell and Sime, Dundee Saw Mills, Dundee, 12. Braby Leslie, Great Eastern Hotel, EC, 12. Brunning, 100 Whitechapel Road, E, 12.15. Burnett and Hallamshire, Cutlers' Hall, Sheffield, 12. Butterfield-Harvey, Connaught Rooms, W, 12. Caffyns, Central Library, Eastbourne, 3. Century Oils, Grand Hotel, Hanley, 12. Dualvest, 117 Old Broad Street, EC, 12.15. Edbro, Charing Cross Hotel, W, 10. Hargreaves, Bowcliffe Hall, Bramham, Wetterby, 12. La Vallonet, Jersey Chamber of Commerce, St Helier, 11. Metal Box, 1 London Wall, EC, 12. Premier Consolidated Oil, 100 Old Broad Street, EC, 12. Readicut International, Queen's Hotel, Leeds, 12.30. Sketchley, Rugby Road, Hinckley, 3. The Times Veneer, Goodwin Road, N, 12. Tranwood, 7 Weir Road, Balham, 12. Tunnel, Caxton Hall, SW, 12.30. UKO International, 100 Old Broad Street, EC, 12. Valor, 4 Dowgate Hill, EC, 12.

Hampson slides to £0.54m

PRE-TAX profit of Hampson Industries, the Midlands engineer and industrial cleaner, fell from £705,653 to £544,495 in the year to March 31 1981 on lower turnover of £15.71m compared with £16.01m.

At the half year stage taxable profits of £217,000 (£321,000) were made and sales stood at £8.37m (£7.94m).

A final dividend of 0.5p net (0.477p adjusted for scrip issue) per 5p share is to be paid, making a total for the year of 0.75p (0.727p adjusted).

The attributable profit emerged at £322,923 (£471,019) after tax of £197,643 (£209,078) and extraordinary debits of £23,930 (£25,556). Current cost adjustments reduced taxable profits to £374,496.

Earnings per share are stated at 1.61p (2.31p).

Danae Inv. improves to £572,000

Pre-tax revenue of Danae Investment Trust improved from £549,062 to £572,201 for the year to May 31 1981, and the company is stepping up its net total dividend from 3.85p to 4p with a second interim in lieu of a final of 2.4p per 50p income share.

Tax took £172,411 (£170,909) and minorities £119,501 (£102,139).

Stated earnings per income share edged up to 4p (3.94p) and net asset value per income share is given at June 26 1981 as 42.18p, compared with 42.88p at year-end.

Illingworth Morris to convene EGM

The UK directors of Illingworth Morris announced yesterday that they have now received notice from Mrs Pamela Mason convening an extraordinary general meeting to consider resolutions for the removal of Mr D. Hanson, chairman, and Mr P. Hardy and Mr T. Yeardye, joint chief executives.

The directors have acknowledged receipt of this requisition and a notice concerning an appropriate meeting will be circulated to shareholders in due course, they say.

IDEAL CLOTHIERS IN RECEIVERSHIP

Ideal Clothiers of Wellingborough, Northants, has called in the Receiver only weeks after announcing it was hoping to gain orders worth more than £3m from Middle Eastern countries.

SPAIN

July 22	Price %	+ or −
Banco Bilbao	334	+2
Banco Central	367	+10
Banco Exterior	365	+5
Banco Hispano	310	+7
Banco Ind. Cat.	121	
Banco Santander	378	+11
Banco Urquijo	228	+2
Banco Vizcaya	367	+12
Banco Zaragoza	239	+4
Dragados	210	+10
Espanola Zinc	84	
Fecsa	66.2	+0.2
Gal. Preciados	46.7	+2.2
Hidrola	78	+1
Iberduero	56	−0.7
Petroleos	124.5	+3.5
Petroliber	90	
Sogefisa	59	
Telefonica	78	
Union Elect.	74	+1.5

British Land lifts profits to £4.8m

British Land has turned in pre-tax profits of £4.78m in the year ending March 31 1981, against £3.91m, although the final dividend of 0.25p remains unchanged. There was no interim dividend.

The company, headed by Mr John Ritblat, has also revalued its properties on an open market basis at £254.6m, revealing a £19.6m surplus over book value.

The figure includes properties held by dealing subsidiaries valued at £41.3m and development properties at £10.2m.

The industrial content of the group's property portfolio, which accounts for about 11 per cent by value of the total, has been marked down as a result of the market's present weakness and British Land reports rising industrial yields.

Net assets per share are given by the directors at 180p (145p fully diluted) against 134p fully diluted last time. British Land shares fell 4p to 93p on the results, reflecting disappointment with a repeat of the token dividend payment—forecast by the directors at the time of the interim results—and at the revaluation.

Pre-tax figure for the 12 months was struck after interest of £10.59m, against £10.42m, but was before tax relief amounting to £1.57m (£2.4m). The attributable balance came through just ahead at £6.35m, compared with £6.31m.

Pre-tax earnings per share, on increased capital, were 5.1p (5p), but are shown to be down from 8.1p to 6.8p on the attributable figure.

Consolidated capital account shows a £3.7m (£17.7m) realised surplus attributable, and £15.2m (£14.4m) unrealised.

Shareholders' funds, including the excess arising out of the revaluation, rose from £131.2m to £187.9m.

Lex, Back Page

Mr. John Ritblat, British Land chairman.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Berisfords, Bullough, Cardinal Investment Trust, Derby Trust, Drake and Scull, John I. Jacobs, St Andrew Trust, South African Land and Exploration, Vaal Reefs Exploration and Mining, Weber Holdings, Western Deep Levels, Yeoman Investment Trust.

Finals: Burt Boulton, Celestion Industries, William Cook (Sheffield), Davy Corporation, Elbief, Gordon and Gotch, Inchcape, Investment Company, London Investment Trust, MFI Furniture, William Ransom, United Gas Industries, Ward and Goldstone, Wellman Engineering, S. W. Wood.

FUTURE DATES

Interims—	
Ford (Martin)	July 31
Grindlays Holdings	July 28
Law Debenture	Aug 6
Lonrho	July 30
Plastic Constructions	July 31
Finals—	
Boardman (K.O.) Intnl.	July 24
London & Gartmore Inv. Tst.	July 28
Stavert Zigomala	July 30
Unitech	Aug 4
West Bromwich Spring	July 24

Arlington Motor dives and cuts payment

PRE-TAX profits of the vehicle distributor Arlington Motor Holdings slumped in the year to the end of March 1981 from £1.53m to £148,000. Turnover fell from £64.31m to £55.64m.

At midway (25 weeks to September 24 1980) pre-tax profits had fallen to £341,000 against £1.05m (26 weeks).

The chairman, commenting on the results, says: "Universal lack of confidenece flowing from rising unemployment, falling production, high interest costs and uncompetitive sterling exchange rates has resulted in slashing cuts in capital investment. These cuts have borne very severely on the commercial vehicle and the bus and coach markets."

He continues: "The impact of recession fell most heavily upon the second half of the year when an utterly disorganised market developed among the heavier commercial vehicle manufacturers, both domestic and foreign, who were intent on clearing their own stocks.

"As distributors we found ourselves under great pressure to take further vehicles from the manufacturers in order to qualify for the cash contributions they were prepared to make to enable us to sell our existing stocks."

The final dividend is to be cut from 6.5p to 2.5p net, making a total of 5p compared with 9p. Earnings per 25p share, based on the after-tax profit figure, are stated at 19.2p compared with 21.8p. Before-tax earnings per share are calculated at 0.8p.

Commenting on the payment, the chairman says: "We do not feel it sound to draw heavily upon previously undistributed profits in order to maintain a dividend rate. In the light of profits arising from earlier periods and the reduction in our borrowings, we do feel justified this year in recommending a final dividend of 2.5p per share."

The group's trading profit was halved, from £2.5m to £1.26m, and interest charges increased from £0.99m to £1.14. A tax credit of £714,000 (debit £538,000) brought attributable profits up to £862,000 compared with last year's £937,000 (which included an extraordinary debit of £54,000).

The tax is made up principally of Advance Corporation Tax written off together with a credit in respect of the entire balance of the deferred taxation provision in respect of stock appreciation relief which has been written back.

Payment of dividends for the year took £224,000 (£404,000) leaving £638,000 to be transferred to reserves (£533,000).

The chairman says that he sees few grounds for optimism at the present time.

"Our strengths of last year continue, but until confidence in an improving future returns and vehicle purchases and national trading conditions result in greater vehicle utilisation, we shall continue to find trading will be extremely difficult.

"We continue to look at all our valuable freehold properties and weigh their potential value to us based on their trading profits against their open market value. We have already rejected offers for properties in excess of their book value."

Current cost accounting methods show a pre-tax loss of £314,000 compared with a profit last year of £1.06m.

● comment

The chairman of Arlington said at the interim stage that he hoped to maintain the final, but on yesterday's poor results and unpromising outlook, it is surprising the final was not passed. The group was in loss in the second half and the dividend is uncovered in historic cost terms before the deferred tax credit. Commercial vehicle dealers have been squeezed by the manufacturers' practice of providing special allowances only on condition that stocks are replaced. The value of Arlington's stocks fell only about 10 per cent last year, far less than the market contraction indicated. The shares fell 16p yesterday to 99p where the yield of 7.4 per cent suggests that they will probably fall further.

HIGHLIGHTS

Lex briefly looks at the nervousness in the foreign exchange and bond markets before moving on to discuss the £44m placing in the equity market yesterday of the Government's holdings in British Sugar Corporation. Morgan Crucible has made a $35m acquisition in the U.S. of Hydrotex Industries to take it into pastures new. Lex also reviews the property scene in the light of the latest figures from British Land and the defence document from Law Land in response to Churchbury Estate's approach. Finally Lex comments on the suspension of Ofrex yesterday afternoon after the company's share price has been showing good rises recently. Also on the bids and deals scene Mr. Tom Whyte reveals that he is behind Paget which has bought a large chunk of Sangers, the pharmaceutical and opticals company.

Yearlings total £11m

Yearling bonds totalling £11m at 14¼ per cent redeemable on July 28 1982 have been issued this week by the following local authorities.

Bradford (City of) Metropolitan Council (£1.5m); East Yorkshire BC (£0.5m); Inverclyde DC (£1m); St Helens Metropolitan BC (£0.5m); Derwentside DC (£0.5m); South Buckinghamshire DC (£0.25m); South Tyneside (Borough of) (£0.75m); Wigan (Metropolitan Borough of) (£0.5m); Ynys Mon Isle of Anglesey BC (£0.5m); Taunton Deane BC (£0.5m); Ealing (London Borough of) (£1m); Grampian Regional Council (£1m); Lincoln (City of) (£0.25m); Brentwood DC (£0.25m); Trafford BC (£0.25m); Newcastle Upon Tyne (City of) (£0.5m); Newport BC (£1m); Woodspring DC (£0.25m).

Hampton Trust slips £16,000 into the red

A TURNROUND from profit of £57,079 to a pre-tax loss of £15,823 for the year to March 31, 1981 is reported by Hampton Trust, which has interests in property as well as oil and gas exploration.

The loss is struck after legal and geological costs of £37,642 incurred in connection with the development of the Woodada gas field, in Western Australia, where Hampton is negotiating an effective 3.15 per cent interest in the EP100 permit. Some £126,000 has been spent, subject to refund if the contract is frustrated by Australian regulations on foreign gas extraction. A £19,584 provision has also been made against Hampton's share of losses on operation of the Carida gold mine.

Following its rights issue in January, which raised £830,000, net assets were £2.441m, compared with £1.43m a year before. Hampton now has US$1m on deposit.

The interest on these deposits and an increase in office rental income — significant rent reviews are due in the next year — are expected to lift income in the current year.

An investment of US$320,000 in six oil and gas wells in Ohio is expected to pay for itself in 12 months. Thereafter, it is expected to provide some of the revenue which Hampton will need in its exploration projects.

Pentland Inv. declines to £0.57m midway

After all charges, including tax of £325,057, against £349,237, revenue of the Pentland Investment Trust declined from £604,710 to £568,898 during the first half of 1981. Gross income for the period was also lower, falling to £972,688, compared with £1.03m.

As already announced, the interim dividend is being maintained at 1.5p net and in their half-year statement the directors say they intend to pay a final of not less than 4.8p (same), subject to totally unforeseen circumstances.

Stated earnings per share for the six months were 3.16p (3.36p).

Gloomy forecast by Staveley

WITH THE company predicting no upturn in the UK economy for the remainder of the calendar year, Mr A. Frankel, chairman of Staveley Industries, told the annual meeting that there was little doubt that the interim results would be worse than last year's.

However, although some of the company's traditional areas were "seriously short of orders" he believed its position was much healthier than it would have been without the severe retrenching carried out during the past year.

Looking to the future the chairman said that even greater emphasis was being placed on identifying strategic expansion opportunities in both new and existing areas of business. He pointed out that the company's very strong balance sheet puts it in a good position to carry through the investments implicit in such activities.

Mr Frankel said the company was actively pursuing its development programme and hoped to be able to report definite progress in the not-too-distant future.

Wm. Press may 'write back' trial provision

The costs of the Inland Revenue's case against William Press, which was thrown out of court by the Judge earlier this month, will be met out of public funds, Mr Tony Hawken, Press's chairman, told shareholders yesterday.

At one stage during the trial the company's costs were estimated at about £300,000, but together with those of the Revenue and the individual directors who were also on trial, the cases could have cost as much as £1½m to £2m.

In its report and accounts for 1979 Press made a provision of £2m to cover the Inland Revenue case as well as a number of other minor cases including a tax case in Norway.

Yesterday the company said that it was still calculating the precise costs attributable to the Inland Revenue case, but it was confident that "a substantial proportion of the provision would be available to write back into current profits for 1981."

Mr Hawken also told shareholders that the group had just received letters of intent for two contracts worth £20m but declined to give details.

He also warned off potential suitors by saying that Press wished to remain independent. At the same time, he said there was no truth in current rumours of bid approaches.

Yesterday's meeting was a special meeting of the company called because William Press Group has recently taken over William Press and Son under a scheme of arrangement.

FAIRDALE WARNING

Mr Philip Froomberg, chairman of Fairdale Textiles, warns in his annual report that the outlook for the current year is depressing and that a poor first half is to be expected.

However he says even presuming the present recession continues the directors are confident of some improvement in 1982.

Virtually unchanged first half figures for Allied Textile

TURNOVER AND pre-tax profits of Allied Textile Companies are virtually unchanged for the six months ended March 31 1981 and the interim dividend has been maintained.

The taxable surplus was £1.28m, against £1.27m, from a turnover of £14.71m (£14.69m), and the net distribution is 2.82p per 25p share. Total payment for the whole of last year was 7.24p from taxable profits of £3.07m (£3.25m).

Management accounts for the third quarter show that profitability has been maintained, directors state.

They say that profitability was well sustained in the final half despite the deep recession, which continues to beset the industry. Other than in isolated and special situations, there is no general improvement in trading conditions, they add.

The company continues to reshape trading policies and productive capacity so as to anticipate reduced and changing opportunities for business in textiles and clothing, in the UK and elsewhere.

After six months tax of £667,000, compared with £658,000, the attributable balance came through just ahead at £615,000 (£608,000), giving earnings per share up from 8.1p to 8.2p.

● comment

Allied Textile has pressed on with its policy of matching its capacity with demand. That continues to mean some degree of shrinkage. In the Moxon fine worsted mill, for example, capacity has recently been halved, largely as a consequence of the need to raise Yen prices by 45 per cent in the past year, as the exchange rate deteriorated. There have been some new products taking up slack in demand created by the decline of the Leeds multiple tailors on whom Allied depended in its period of growth. Automotive upholstery cloth has been one such product, military uniform cloth has been another. The rationalisation process has now accumulated a cash pile of over £7m. Shares trading at 148p are thus backed by cash of about 100p and the interest receivable roughly covers the dividend. Diversification outside the textile industry is under consideration but Allied may feel inhibited by the difficulty of finding industrial opportunities where the rate of return exceeds deposit income. The shares yield 7.4 per cent and maintained profits suggest a fully-taxed p/e of 7.3.

Unilock finishes year 31% lower at £1.04m

PRE-TAX PROFITS of Unilock Holdings, manufacturer of partitioning systems, have fallen by 31 per cent to £1.04m for the 53 weeks to April 5, 1981, compared with £1.51m for the previous 52 weeks.

Mr M. H. F. Newman, chairman, says he expects the current year to show an improvement on the results now reported. However, this expectation is based more upon the board's determination to succeed than any other specific factor, he adds.

For the year under review the final dividend is 1.45p net, and this maintains the total payment at 2.1p.

During the year turnover rose by 46 per cent to £19.71m, which primarily reflects the acquisition of the Ergonom group of companies.

While earnings per 10p share are reduced from 6.6p to 5.6p on enlarged capital, net assets have risen from 28.2p to 28.3p per share.

The company has integrated the two Ergonom companies into the Unilock group. The bringing together of all furniture interests under the management of Ergonom Distributors has produced a good result and the rationalisation of Ergonom Interiors with the business of Project Interiors International is now complete. "We anticipate considerable future benefit particularly in export sales," says Mr Newman.

A valuation of freehold and long leasehold properties has produced a surplus of £222,000, which has been credited to reserves.

At the interim stage Unilock Partitions experienced a downturn in volume and margins, but for the year turnover increased by over 11 per cent and the division produced a much better result than was expected at the half-way stage.

	53 weeks 1980-81 £000	52 weeks 1979-80 £000
Turnover	19,768	13,478
Profit before tax	1,044	1,512
Taxation	183	646
Profit after tax	861	866
Minority interests	2	6
Dividends	149	118
Retained profit	710	742

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Albion	int.	Nil	—	0.6	—	0.6
Allied Textile	int.	2.82	Oct. 2	2.82	—	7.24
Arlington Motor Hldgs.		2.5	—	6.5	5	9
British Land Co.		0.25	Oct. 16	0.25	0.25	0.25
Control Securities		1.75	—	1.27*	2.8	1.91*
Danae Inv. Tst.		2.4	Aug. 28	2.25	4	3.85
Hampson Inds.		0.5	—	0.48*	0.75	0.73*
McLeod Russel		7.5	Oct. 9	15	7.5	15
Meldrum Inv. Tst.	int.	1.25	Sept. 4	1.25	—	3.25
Moorside Trust	int.	1	Sept. 4	1*	—	3.5*
Rights and Issues	int.	1	Oct. 8	1	—	3.8
Unilock		1.45	—	1.45	2.1	2.1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

MINING NEWS

Gencor gold mines put up a strong performance

BY GEORGE MILLING-STANLEY

CHANGES IN the South African rand-U.S. dollar parity have brought about a situation in which, although the dollar price of gold was lower in the June quarter than in the previous three months, the average price in rands paid to South Africa's gold mines remained virtually unchanged.

This was the case with yesterday's report on the quarter from the mines in the Gencor group, and most of the mines have turned in increased net profits as a result. Dollar prices received by the individual mines are shown in the table.

The group has clearly paid close attention to cost control, and as a consequence working costs rose on average by only about 3 per cent in comparison with the March quarter.

The largest mine in the group, Buffelsfontein, recorded an advance of 17.5 per cent in net profits. This was the result of an improvement in grade to 8.4 grammes of gold per tonne from 7.9 grammes, higher tonnages milled and a lower tax charge arising from increased capital spending.

The best profits performance in the group was provided by the small, low-grade Marievale operation, where maintained mill throughput and grade, and virtually unchanged costs, led to a rise of 30 per cent in net profits.

Marievale also announced that it had made forward sales totalling some 9,000 ounces of gold at prices ranging between $490 per ounce this month and $625 per ounce in June 1983.

Winkelhaak put up the poorest individual showing, with a fall of 1.3 per cent in profits. The damage was caused by lower mill throughput, a slight decrease in grade and an above average rise in working costs.

Another of the more marginal producers, West Rand Consolidated, which had a gold grade of just 1.9 grammes per tonne, reported a working loss of R7.75m (£4.5m). As in the March quarter the state assistance scheme came to the rescue to allow the mine to show a net profit of R938,000.

The mine's uranium operations, which are to be terminated as soon as possible, turned in lower profits.

Stilfontein was helped by a maiden dividend of R3.4m from its 85 per cent-owned Chemwes subsidiary.

Gencor's two new operations, Beisa and Beatrix, both reported good progress during the quarter. The former's No 1 shaft has reached its final depth of 1,071 metres, and the uranium and gold extraction plants are virtually complete and commissioning is in progress, while Beatrix reported the preliminary sinking of Nos 1 and 2 shafts to 51 and 64 metres respectively.

Group profits are compared in the accompanying table.

	June qtr.	March qtr.
Bracken	$483	$509
Buffelsfontein	$482	$544
Grootvlei	$484	$483
Kinross	$482	$502
Leslie	$485	$505
Marievale	$460	$480
St Helena	$474	$500
Stilfontein	$488	$519
Unisel	$500	$510
West Rand Cons.	$487	$501
Winkelhaak	$485	$487

	June qtr. R000	March qtr. R000	Dec. qtr. R000
Bracken	2,359	1,871	2,704
Buffels	28,126	23,944	34,387
Grootvlei	5,027	4,304	6,333
Kinross	8,137	7,893	9,099
Leslie	2,886	2,283	3,289
Marievale	537	413	1,070
St Helena	16,158	14,625	19,340
Stilfontein	11,625	10,262	†13,784
Unisel	13,475	11,654	14,309
W. Rnd. Cons.	¶938	¶440	¶2,981
Winkelhaak	13,142	13,314	16,372

† Restated. ¶ After receipt of State aid.

Brown coal find for CSR

THE AUSTRALIAN industrial and mining group CSR has discovered a large deposit of brown coal (lignite) about 60 miles east of Adelaide, South Australia.

Initial investigations of the deposit indicate reserves of around 212m tonnes, and CSR said yesterday it was confident this figure would be increased when further studies are completed, reports our Sydney correspondent.

The discovery comes at a crucial time for South Australia, which has encountered difficulty in recent years in attracting industry to the state because of doubts over future energy supplies.

Natural gas reserves are estimated to be sufficient for only five years at current levels of usage, and there remain major hurdles to the development of a local uranium industry.

The significance of the present find, by no means the biggest brown coal deposit discovered in Australia in recent months, lies in the quality of the coal.

Mr Gordon Jackson, CSR's general manager, said in Adelaide yesterday that the coal's moisture and sulphur content were about average for similar deposits, but the content of sodium—a highly corrosive substance during power generation—is up to five times lower than at other deposits.

"We believe the deposit's proximity to Adelaide, its low salt content and its mining cost should make it attractive as a source of fuel for power generation in South Australia," Mr Jackson added.

South Crofty again omits final dividend

CORNWALL'S largest tin mine, South Crofty, will not pay a final dividend for the year to March 31, after making a pre-tax loss of £166,000, compared with a profit last time of £1.39m. No interim was paid for the past year, and South Crofty has made no distribution since 1979/8's interim dividend of 1p.

A tax credit gave the company a net profit of £771,000, against £950,000 last time. Earnings came out at 4.1p a share, down from 5.1p.

South Crofty said yesterday that a voluntary redundancy scheme costing £130,000, introduced in July last year and concluded in October was included in the reported loss. Working costs have shown a marked improvement since that time, it is stated.

The figures have been prepared on the historical cost basis, as the directors feel current cost accounts may not be applicable to a tin mining operation such as South Crofty.

Beyond that, the directors said "it is not presently thought appropriate to divert resources" to the task of preparing accounts on the current cost basis, as management time is being devoted to "the development of the group to meet the challenges it faces".

These challenges may well be eased if the current strong rally in the tin price, now at its highest for a year, continues.

Seltrust in Australian gold search

THE LATEST quarterly report from Seltrust Holdings, the Australian arm of the British Petroleum subsidiary Selection Trust, gives details of an interesting gold and base metals joint venture close to Australia's Golden Mile at Kalgoorlie.

Seltrust, which recently announced a A$50m (£30.6m) rights issue to counter its financial problems, has a 41.25 per cent stake in a joint venture to explore the Gordons prospect, which covers the former Sirdar gold mine.

The other interests are Selection Trust with 13.75 per cent, Asia Oil and Minerals 20 per cent, AI Consolidated Gold 20 per cent and Black Hill Minerals 5 per cent.

OIL INDEX
October Refined $42.50
January Refined $45.75

CORAL INDEX
Close 515-520 (+3)

UK COMPANY NEWS

Profits down £3.4m and dividend halved at McLeod Russel

PRE-TAX PROFITS of McLeod Russel slumped from £4.48m to £1.1m for the year ended March 31, 1981, and the dividend is halved to 7.5p net per £1 share.

The three Indian tea subsidiaries were severely affected by depressed prices at a time of continued cost increases, and the UK trading company and associates all had to contend with significant reductions in customer demand, with the drop forging and packaging interests meeting particularly difficult conditions.

The directors add, however, that it was a year of further steady growth in the value of the group's trade investment and property investment interests.

Turnover and pre-tax profits were split as to India £15.15m (£16.28m) and £1.48m (£4.25m) and UK and others £2.88m (£3.86m) and £383,000 loss (£221,000 profit).

Profits for 1980-81 exclude any contribution from Tata Finlay which, following a reassessment of its position and having regard to ED 25, is no longer an associate—profits last year were £641,000 pre-tax.

The directors add that results do not consolidate the profits or assets of Eastern Highlands Tea Estates, the Zimbabwean subsidiary, because they feel it is still too early to attempt to place a fair value on the assets held by the company.

In addition exchange controls in that country restrict both the level of dividend payment in relation to profits and the remittance of other funds—profits of Eastern were £80,000 for the July 31 1980 year.

The directors say that three important developments have taken place since March 31. Arrangements have been completed for the merger of the tea warehousing operations of Buchanan's Warehouses with the similar activities carried out by the Butler's warehousing group; the group has subscribed for a 20 per cent shareholding in Deacon Industrial Group, a plastics concern, for £620,000; arrangements have been completed in conjunction with North American partners for a retail shopping centre on the edge of Houston, Texas, which will involve a commitment of some $2.7m when fully drawn down in 1982.

The board view with confidence the prospects for these developments.

Tax for the year took £993,000 (£3.5m) and after minorities, £122,000 (£289,000), exchange losses, £111,000 (£366,000) and extraordinary credits amounting to £1.43m (£1.74m)—profits from trade and property investment activities—the attributable balance was £1.3m, compared with £2.07m.

Before exchange differences and extraordinary items, there were losses per share of 2.76p (14.87p earnings) and earnings of 30.07p (49.04p) after the same.

Net book assets totalled £19.29m (£18.38m) or 432p (409p) per share.

Albion falls into deficit at midway

THE BELFAST-BASED men's outerwear manufacturer Albion made a pre-tax loss in the half year to March 31 1981 of £504,500 compared with a profit of £154,000 in the same period last year.

No interim dividend is to be paid. An interim of 0.6p net per 20p share was paid last year, the only payment for 1980.

The directors say that the adverse trading conditions experienced in the second half of last year have, if anything, worsened in the current year and still exist. They say that they have made every effort to reduce capacity and overheads in line with reduced demand and evidence of this should be apparent in the second half of the year.

Crest Intl. reaches £0.27m at halftime

IN THE half year to June 30 1981 Crest International Securities made a pre-tax profit of £270,251.

The directors of this property and investment holding company say that comparative figures are irrelevant following its reorganisation last February—when it acquired two property companies and increased its share capital.

No dividend is proposed but the directors intend to restore the company's payout in respect of the full year.

Pre-tax profit was struck after administration expenses of £45,424. Tax took £130,161 and the attributable profit came out at £120,150 after an exceptional debit of £19,940.

The earnings per 10p share are stated at 0.395p.

Control Securities lifts final to 1.75p

TAXABLE PROFITS of the property letting company Control Securities increased from £502,145 to £635,690 for the year to March 31 1981. At half time they had been ahead to £278,403 against £148,014.

Turnover was also up, from £1.85m to £2.58m with rental income at £386,402 (£310,491) and other income £2.19m (£1.53m).

Interest took £308,319 (£91,555) and tax £129,702 (£148,092), while associated earnings contributed £670 compared with £254.

The final dividend is to be increased from an adjusted 1.27p to 1.75p, making a total of 2.8p against 1.91p. Earnings per 10p share are stated at 4.63p compared with 4.03p basic, and 3.86p (3.62p) fully diluted.

Roger H. M. van Doninck, the chairman, says that the company has made significant progress in the past year and that all activities of the group contributed to profits.

Mr Doninck adds, "In the absence of the unexpected, our group should be able to further resist the bad economic climate and the group's earnings and dividends should again increase during the current year.".

Attributable balance was £495,458 (£350,343) after extraordinary debits of £693 (£2,245) and minorities, £9,837 (£1,465). Dividends will absorb £307,576 (£184,161) leaving £187,882 (£166,182) retained.

Greenwich Cablevision plans for USM listing

Greenwich Cablevision, which operates cable TV services in Woolwich, Plumstead and Abbey Wood, is considering going public on the Unlisted Securities Market to raise £½m for its planned pay-TV service.

The company, formed in 1963, has over 6,500 subscribers, which represents about one-third penetration of householders who could receive the service.

The company has a positive cash flow, but no net profits yet. It is one of the proposed licensees to operate pay-TV programmes in a two-year pilot project.

Mr Maurice Tonwsend, managing director, believes the pay-TV service can reach profits in its third year of operation, based on less than 50 per cent penetration.

He values the whole company at about £1m and hopes to sell about 60 per cent of its shares in a USM flotation in September, with the balance of the proceeds going to existing shareholders.

Mr Townsend would not reveal the names of the merchant bank and stockbroker with whom it is discussing the possible issue.

SelecTV, a company formed to provide pay-TV services, came to the USM last May at 44p per share, following a scrip issue. It is now trading at 41p.

LONDON TRADED OPTIONS

July 21 Total Contracts 1,963. Calls 1,856, Puts 107

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	16	—	34	5	46	1	293p
BP (c)	300	½	32	21	49	36	2	"
BP (c)	330	¼	86	12	58	25	2	"
BP (c)	360	¼	16	6	—	12	—	"
BP (c)	390	¼	46	4	3	8	—	"
BP (p)	410	¼	21	1½	—	5	—	"
BP (p)	450	¼	10	—	—	—	—	"
BP (p)	490	¼	3	—	—	—	—	"
BP (p)	280	½	5	9	—	13	—	"
BP (c)	300	4	69	16	55	20	—	"
BP (p)	350	54	—	56	—	56	5	"
CU (c)	140	41	20	50	—	54	—	182p
CU (c)	160	21	59	32	—	38	—	"
CU (c)	180	1	266	20	36	25	—	"
CU (c)	200	—	—	12	9	16	55	"
Cons. Gld (c)	420	32	1	50	—	65	—	451p
Cons. Gld (c)	460	¼	4	27	2	43	2	"
Cons. Gld (c)	550	¼	121	5	—	13	—	"
Cons. Gld (c)	588	¼	119	—	—	—	—	"
Cons. Gld (c)	638	¼	30	—	—	—	97	"
Court'lds (c)	50	15	—	17	—	—	—	64p
Court'lds (c)	60	5	152	9	42	13½	3	"
Court'lds (c)	70	¼	44	4½	27	8	5	"
Court'lds (c)	80	¼	45	1	—	4	—	"
GEC (c)	600	127	9	138	1	—	—	725p
GEC (c)	650	77	1	93	—	118	—	"
GEC (c)	700	28	111	55	1	78	—	"
GEC (c)	750	1	22	25	3	48	—	"
Gr'd Met. (c)	180	23	4	27	2	35	—	203p
Gr'd Met. (c)	200	5	23	16	29	23	—	"
Gr'd Met. (c)	220	¼	14	6	17	12	10	"
ICI (c)	220	44	1	52	—	—	—	264p
ICI (c)	240	24	2	34	—	—	—	"
ICI (c)	260	5	53	22	72	34	—	"
ICI (c)	280	¼	31	12	—	24	—	"
ICI (c)	300	¼	28	7	30	14	—	"
ICI (c)	330	¼	47	4	24	5	—	"
ICI (c)	360	¼	55	—	—	—	—	"
Land Sec. (c)	312	11	13	28	—	56	—	325p
Land Sec. (c)	336	¼	38	15	3	21	—	"
Land Sec. (c)	368	¼	63	6	3	12	—	"
Mks & Sp (c)	110	18	—	23	2	—	—	128p
Mks & Sp (c)	120	8	43	15½	—	21	—	"
Mks & Sp (c)	130	½	84	9½	—	14½	—	"
Mks & Sp (c)	140	¼	71	5	2	9	10	"
Shell (c)	330	40	20	50	—	65	—	370p
Shell (c)	360	10	3	28	—	40	5	"
Shell (c)	390	¼	4	14	—	26	1	"
Shell (c)	420	¼	31	6	—	14	—	"
Shell (c)	460	¼	82	3	—	—	—	"
Shell (c)	500	¼	55	—	—	—	—	"
Shell (c)	550	¼	11	—	—	—	—	"
Shell (p)	330	¼	23	8	—	14	—	"
Shell (p)	360	11½	2	18	—	22	—	"
		August		November		February		
Barclays (c)	420	35	16	40	—	53	—	445p
Barclays (c)	460	10	20	20	1	38	3	"
Imperial (c)	60	2½	—	3½	21	5½	20	61p
Imperial (c)	70	¾	—	2	4	3	100	"
Imperial (c)	80	½	358	¾	—	1½	—	"
Lasmo (c)	600	18	5	45	1	65	—	569p
Lasmo (c)	650	6	1	25	5	—	—	"
Lasmo (c)	700	4	—	13	7	—	—	"
Lonrho (c)	90	5	—	8½	9	11½	11	92p
Lonrho (c)	100	2	15	4½	5	7	9	"
Lonrho (p)	100	10	—	13	—	15	7	"
Racal (c)	390	24	15	46	—	61	—	410p
Racal (c)	420	8	3	27	—	43	—	"
RTZ (c)	460	73	1	90	—	110	—	526p
RTZ (c)	500	35	11	62	8	82	1	"
RTZ (c)	550	13	54	35	8	55	—	"

C=Call P=Put

Moorside Trust down at £336,063

Net revenue of the Moorside Trust slipped from £364,769 to £336,063 in the half year to June 30 1981, while gross revenue fell by £22,563 to £794,312.

A same again (adjusted for scrip issue) interim dividend of 1p net per 25p share has been declared. Last year a total of 3.5p (adjusted) was paid on net revenue of £705,750 (£604,018).

Expenses and interest amounted to £228,554 (£184,375) and tax took £229,695 (£267,731). Earnings per share are stated at 1.7p (1.85p adjusted) and net asset value at 93.2p (74.5p adjusted).

Capital employed as at June 30 was £21.47m (£17.43m) made up of listed UK investments of £8.73m (£9.67m), listed overseas investments of £8.6m (£6.36m), unlisted securities of £1.57m (£916,301) and net current assets of £2.56m (£480,705).

Haslemere Ests. £8.6m expenditure

Capital commitments for future expenditure at Haslemere Estates totalled £8.6m at March 31 last, against £5.48m, and included £7.2m authorisations, but which had not been contracted for.

As reported on July 17 this property company turned in a pre-tax profit of £5.88m (£5.37m) for the March 31 1981 year. The dividend is lifted to 6p (5.2p) net per share.

Mr F. E. Cleary, chairman, tells members in his annual review that Haslemere continued its successful policy of buying important sites and buildings for development or restoration to create prime investments.

He adds that industrial development has become an important part of activities, representing one-fifth of the investment portfolio's value.

Balance sheet shows shareholders' funds of £169.35m compared with £132.3m, and an increase of £9.96m (£3.69m) in borrowings to £63.28m (£53.32m).

Meeting, 4, Carlos Place, W. on October 1, at noon.

RIGHTS & ISSUE INV. TRUST SLIPS

Net revenue after tax of the Rights and Issue Investment Trust fell from £56,511 to £48,264 in the six months ended June 30 1981.

A same again interim dividend of 1p net per 25p income share has been declared. Last year a total of 3.8p was paid.

The directors say the reduced income is caused by much lower interest rates prevailing this financial year. They intend—subject to unforeseen circumstances, and even given the continuance of lower income trends—to pay the same rate as last year.

The sum accruing by way of dividend to the capital shareholders will, they say, in view of the small amount involved, be included in the dividend payable after the year end.

Interest and management expenses for the six months were £17,696 (£13,656) and tax took £29,123 (£35,182). The net asset value per capital share is stated at 88.99p (72.93p) and per income share at 44.41p (41.12p).

BARRATT DEVS.

Barratt Developments has formed a new subsidiary in Mayfair—Barratt Developments (Central London).

The new company will be undertaking a wide range of residential development in all price ranges, including the construction of new houses and flats and the refurbishment and conversion of older buildings.

Kennedy Brookes moving over to Unlisted Market

Kennedy Brookes, the small catering company that came to the Stock Exchange's 163 (2) market in June 1980 is moving over to the Unlisted Securities Market next week.

The group has been adding restaurants rapidly, mainly through vendor placings of shares, and now operates 25 in the south of England. Profits rose 87 per cent to £128,000 in the year ended October 31 1980. The directors now forecast "a significant increase in profits" in the current year.

Kennedy Brookes operates 17 specialised restaurants, mainly offering hamburgers or pizzas. It also has three pubs, three wine bars and two high quality restaurants — Ghyll Manor in West Sussex and Newports in Knightsbridge. In addition, its outside catering business has over 50 major national and international clients, including Henley Royal Regatta and specialises in the top end of the market.

A pro-forma balance sheet at March 27, 1981 shows shareholders' funds of £1.78m, including £404,000 of goodwill. Borrowings at June 24, 1981 amounted to £900,000. The group's properties and leases were valued at £2.67m on June 9.

Of the 1.9m shares in issue, Mr M. D. Golder, chairman, holds 655,000, 34 per cent, and Mr R. K. Ackerman, an executive director, holds 147,000, 7½ per cent, and Mr R. C. Haisley, another executive director, 242,000, 12.4 per cent.

Mr Golder said yesterday that no material issue of shares would be made at least a year.

Brokers to the company are Hichens Harrison and Co.

● comment

Kennedy Brookes came quietly to the 163 (2) market last year with a small placing but has since used its marketable equity to buy nine more restaurants, bringing its total to 25. Sales are running at more than double last year's level and profits seem to be growing well despite generally soft conditions in the restaurant trade. The most profitable part of the business is the well established Bear outside catering operation, with such prestigious customers as the Henley Regatta and the British Grand Prix. The directors have also identified some of the few resilient restaurant sectors, such as wine bars and pizza and burger restaurants (not fast food take-outs). Any hopes that the fall in sterling would help tourism may have been soured for a while by the recent riots but the group is still confident. Recent bargains in the shares have been at about 104p which values the company at nearly £2m.

Giltspur advances 22%

PRE-TAX PROFITS of Giltspur, the Windsor-based industrial services group, advanced by £1m to a record £5.6m in the 12 months to March 31 last—an improvement of 22 per cent—following an increase from £2.12m to £2.68m at the interim stage.

The surplus was struck after a loss of £213,000 from discontinued activity (last year the division made a profit of £738,000) and included a net interest credit of £325,000 (£849,000 charge).

Tax took £1.55m, compared with £1.49m, leaving post-tax earnings per 10p share up by 29 per cent to 21.05p.

Turnover of the group, which became a subsidiary of Unigate in January 1981, declined during the year from £99.58m to £87.84m reflecting the directors' early decision to reduce substantially the group's interests in motor trading. This decision contributed to the net credit of interest.

The group's cash position over the year improved by £8.2m—borrowings of £3.6m being replaced by deposits of £4.6m. The directors explain that this reflects not only the reduced motor trade commitment but also the positive cash flow characteristics of the other businesses.

BIDS AND DEALS

R. P. Martin board recommends approval

Shareholders in R. P. Martin, the money broking group, have been sent details of the proposed merger with the German broker, Bierbaum, originally announced on April 1.

The directors of Martin and their financial advisers, MMG and Singer & Friendlander, recommend approval, and with their family interests which together hold 14.9 per cent of the equity, intend to vote in favour.

Mr Peter Endres, a senior partner of Bierbaum, expresses his hope that Martin shareholders will follow their board's recommendation. He says that the two companies have similar philosophies as to the future development and diversification of the combined group.

In addition, Mr Endres says "good personal relations have developed between our two groups and we have several months of very satisfactory experience of trading together."

No major changes in the management of the combined group are expected. A non-executive chairman will be appointed after the merger is completed.

A pro-forma balance sheet of the two companies, as at June 30 1980, shows Martin with an attributable pre-tax profit of £974,000 and the combined figure, after adding in the Bierbaum interests to be acquired, is £2.85m.

Fully-taxed earnings per share of Martin alone are 11.4p and after the merger, which involves the issue of a further 5.2m Martin shares, these would rise to 14.7p.

As at June 30 1980 Martin had net tangible assets of £1.11m and the combined figure at the same date would have been £2.23m. Net tangible assets per share are 26.8p but, after the merger, the figure falls to 24p.

Martin is also taking the opportunity to ask shareholders to alter the companies Articles of Association in order to give the group power to disenfranchise shareholders refusing after reasonable notice, to disclose their beneficial interests.

Approval for the merger will be sought at an EGM on August 14, but, as not all the other conditions will have been met by that date, completion is not expected until mid-September.

Martin's shares were suspended on March 30 at 183p, which capitalised it at £7.5m.

Touche Remnant then held 19.8 per cent of the shares and Mr Tom Whyte and Mr Wolfgang Struck each held 7.45 per cent. Bierbaum, which will not vote on the merger, holds 15 per cent.

Talks at Ofrex may lead to bid

Ofrex Group, the London-based manufacturer and distributor of office supplies and industrial products, announced yesterday that it was engaged in talks which could lead to a bid.

The company has called a halt to dealings in the ordinary shares and aso the 7½ per cent debenture stock 1985-90. A further announcement is to be made as soon as possible.

The shares have increased in value by over 36 per cent in the last two weeks—rising from 90p on July 9 to 122p yesterday—which showed a further gain of 5p. At yesterday's suspension price the company is valued at £24.2m.

Ofrex—which was founded just before the war by its present chairman 74-year-old Mr George Drexler—found the going tough in 1980 with profits before tax halved from £5m to £2.5m—partly a result of the large number of furniture manufacturers going out of business last year. Trouble in the motor industry hit the group's seat belt buckle business, and iwth half the group's turnover going overseas the strength of sterling also made trading difficult.

Results in the early part of the current year have shown an encouraging trend and the chairman said in his annual statement that the results for 1981 should show a great improvement over 1980. But he said it will take a little longer to recover fully.

Some 50 to 55 per cent of the products sold by the group in the UK are made by the company itself. The rest are made to its own specification and brand name, or else Ofrex is granted an exclusive distribution franchise.

Some 85 per cent of the group's sales represent consumables, things that have to be replaced quickly, while the rest consists of office machinery and heavy duty items manufactured by its subsidiary Howard Wall.

Mr Drexler has a stake of 8.27 per cent in the ordinary capital of the company. Other major shareholders are Prudential Assurance with 5.14 per cent and Credit Suisse Zurich Nominees wit h5.04 per cent.

Morgan Crucible to buy U.S. lubricants company

MORGAN CRUCIBLE, the furnace component and thermal products group, is to expand its industrial lubricants interests through a $35m (£18.9m) U.S. acquisition.

It has exchanged contracts to buy Hydrotex, the Dallas-based subsidiary of Pioneer Texas Corporation which is mainly in ship building and repairing.

Hydrotex distributes and manufactures specialist lubricants to agriculture, industry and commerce. On net assets of $11.2m it produced trading profits before central overheads and tax of $6.4m in the year to the end of May.

Morgan Crucible believes Hydrotex will complement its existing lubricant business, Rocol and Franklin Oil of Ohio.

Rocol, which was bought in 1969, when trading profits were only £159,000 and turnover £555,000 last year made profits of £1.05m on sales of £6.8m. It specialises in high grade oils and greases for metalworking.

Franklin Oil has not so far been such a success. Acquired in January last year after 12 months in which profits were $677,000 on sales of $7.4m, last year's profits tumbled to £12,000. Adverse conditions in the U.S. motor industry—Franklin supplies metalworking compounds to General Motors—were blamed for the downturn.

Morgan has forecast a significant recovery for Franklin in 1982, with sales of not less than $10m and trading profits of over $1m.

Morgan's group profits last year amounted to £10.9m, so an acquisition of the size of Hydrotex will require shareholders' approval. It is to be financed out of bank facilities.

Tom Whyte emerges as buyer of 14.76% stake in Sangers

FINANCIER Mr Tom Whyte, former head of the collapsed Triumph Investment Trust, yesterday emerged as the buyer behind the 14.76 per cent stake in Sangers Group, the loss-making pharmaceuticals, photographic and optical company.

Mr Whyte's Bermuda-based Paget Agencies had revealed on Tuesday a 7.5 per cent stake in Sangers, with the balance of the holding in the hands of a concert party representing the European associates of Mr Whyte. These are people Mr Whyte has known all his life, a spokesman said.

Sangers shares gained a further 2p to a new high of 83p yesterday, valuing the 1.4m shareholding of Paget and associates at £1.16m and the whole company at £7.9m.

Mr Whyte, who is in New York, issued a statement yesterday saying that the "concert party has acquired the . . . shares purely as an investment."

He said: "The group ranks in the top three pharmaceutical wholesalers in the UK, with annual sales of £120m, and we believe they have survived a tough period of trading and are set for first class expansion prospects."

A spokesman for Mr Whyte said most of the shares had been purchased through the market. "It has taken some time to assemble them." He would not disclose the price, but 1m of the shares were acquired last Thursday when the share price was 70p.

The spokesman said that further purchases of Sangers shares depended on the level of the share price. Mr Whyte had no plans for involvement at board level, he said.

He said that Mr Whyte is currently looking for investments in a number of other quoted UK companies. Three of these are expected to come to fruition before the end of the year and are likely to be in the financial sector. Mr Whyte is keen to utilise his U.S. contacts.

The spokesman said that Paget's resources were "some millions of pounds." If a big investment came up, Mr Whyte may well have to sell something to come to grips with it, he said.

Mr Tony Goodman, Sangers' finance director, was delighted that such confidence had been expressed in the company's future. He said that he understood that the stake was being held as an investment so "We must wait and see what happens further." He said that no meeting had yet been requested by Paget.

Mr Whyte, who lives in Bermuda, disappeared from the City scene after Triumph Investment Trust collapsed in 1974 at the height of the secondary banking crisis. He reappeared in November 1980 as a 7.45 per cent shareholder in money broker R. P. Martin, which is merging with Bierbaum, the Dusseldorf-based money broker. Weeks later he revealed a stake of 6 per cent in Thames Investment which he subsequently sold in April this year.

Mr Whyte said at the time he was selling his stake in Thames to increase his sterling liquidity for future deals.

Sangers, whose profits reached £2.5m in 1976-77, plunged heavily into losses in the second half of 1980-81. Pre-tax profits for the full year were just £5,000 compared with £1.12m, on a turnover of £120m (£115m), and the final dividend was omitted.

Apart from heavier interest costs of £1.12m (£639,000), the main drag on the group was the pharmaceutical division in the UK, which made a pre-interest loss of £505,000 on a turnover of £74.2m.

NEI holding in APE rises to 17.8%

A further 368,201 ordinary shares of Amalgamated Power Engineering were purchased yesterday by Northern Engineering Industries, at 140p, and lifted the group's holding to 17.8 per cent.

NEI, the Newcastle heavy electrical equipment manufacturer, launched an unwelcomed £25.6m bid for APE last week, the directors of which already having rejected the offer as inadequate and not in the long-term interests of shareholders or employees.

The shares were unchanged yesterday, closing at 140p.

BRAHAM MILLAR

Scottish Northern Investment Trust has disposed of its 1.32m shareholding in Braham Millar Group, the loss-making mechanical engineer.

As reported yesterday, Braham Millar has rejected a bid approach from Fieldwood, a private company which has bought 1.89m shares—a 14.9 per cent stake in Braham.

BCA paying £0.8m for caravan park

British Car Auction Group and its wholly-owned subsidiary McAlisters Caravan Sales have agreed to purchase the Briar Bank Caravan Park of Wilstead, near Bedford, with ancillary buildings, stocks of caravans, mobile homes and accessories.

The land being acquired is approximately 35 acres with permanent planning permission for 152 residential units, 162 touring caravans and 72 holiday rally caravans.

Purchase price for the freehold land and buildings is £800,000, of which £80,000 will be in cash with the balance being satisfied by an allotment of fully paid 10p shares in BCA. The estimated cost of stocks is £46,000, to be paid in cash.

BCA considers that there is scope for increasing the area allocated for residential units and that with the provision of an additional outlet to McAlisters for mobile home sales, the acquisition will prove a valuable addition to group freehold properties

Sellers were Mr W. E. Riddy and Briar Bank Caravan Company, a company controlled by him and his immediate family.

Law Land document calls Churchbury bid 'derisory'

LAW LAND last night responded to the takeover approach from Churchbury Estates with a defence document which described the bid as "derisory" and "totally inadequate."

Law Land, which is headed by Sir Henry Warner, said that a revaluation of its property portfolio had put an £85m price tag on its assets, raising the asset value per share to 163p (151p on conversion by 1985 or 1987 of the two convertible stocks).

The Churchbury bid, marginally improved on Tuesday to comply with the Takeover Code, is worth just over 120p a share at current market prices. Churchbury is offering one ordinary share for six in Law Land. At the time of the original bid last week, Churchbury said its approach was backed by nearly 40 per cent of the shares.

Law Land said that from the start of June to the date of the Churchbury bid shares in Churchbury — "in a very narrow market" — had risen by 24 per cent against a sector trend of 4 per cent to "giddy heights," some 20 per cent above the claimed underlying net asset value.

Sir Henry said the bid was based on Churchbury shares "which are grossly, and doubtless temporarily, overvalued" and criticised the lack of any cash alternative.

Law Land, he said, had now put its difficulties behind it and pre-tax profits would this year be not les than £1.2m against £282,000 in the previous 12 months. At the same time, dividends for 1981 were forecast to increase to not less than 2p per share — an increase of at least 33 per cent.

Sir Henry says that, if Churchbury won control, it intended to install a chief executive who remained unnamed. He saw little evidence that the potential buyer was equipped to convert the sale proceeds it had already made into long-term prime property investments.

"Whilst properties in Kilburn High Road and a minority shareholding in a department store group have been acquired, the general policy appears to have been to deposit surplus funds on the money market. This obviously produces higher short-term returns than prime property but does not provide a basis for longer term growth in assets and income."

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 20	July 31	Oct 22	Nov 2
Aug 3	Aug 14	Nov 5	Nov 16
Aug 17	Aug 28	Nov 19	Nov 30

For rate indications see end of Share Information Service

Money was given for the call in FNFC, Premier Oil, MFI, Guinness Peat, Pancontinental, Tubes, Moben, Rothmans International, Hawley Leisure, Clyde Petroleum, Sangers, Weir Suter Electrical Mersey Docks, Combined Units, MEPC and Town and City Properties. Puts were struck in Commercial Union and Young Companies Investment Trust Warrants. No doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Arlington Motor	99	−16	GEC	725	+ 2
Berisford (S. & W.)	124	+ 3	Law Land	129	+ 8
British Land	93	− 4	Plessey	335	+ 3
British Sugar	328	+13	Racal Electronic	410	+ 3
Dowty	256	−21	RTZ	525	+ 5
Firth (G.M.)	120	+ 8	Sangers	83	+ 2

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
GEC	12	723	+ 8	Tube Invs.	10	138	—
BP	10	294	− 4	Beecham	9	202	+ 1
ICI	10	262	+ 2	Plessey	9	332	+ 5
LASMO	10	563	+10	RTZ	9	520	+ 5
NCC Energy	10	115	—	Shell Trans.	9	366	—
Royal Bk Scot	10	189	[illegible]	Thorn EMI	9	440	+10
Royal Ins.	10	36[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	+11

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Pentos disposes of two lossmakers for £0.8m

Pentos, the industrial holding company headed by Mr Terry Maher, has sold two loss making subsidiaries raising £800,000 in cash. Mr Maher said yesterday that he planned to make more disposals raising a further £1m before the end of the year.

The educational publishing business, Ward Lock Educational, has been sold to a company owned by Mr Au Bak Ling, a Hong Kong publisher for about £500,000.

Braemore Furniture, manufacturing domestic suites has been sold to Christie-Tyler for £300,000.

These two disposals would not result in any write-offs Mr Maher added.

The sales are part of a programme of disposals of "periphial activities" which has been implemented this year.

He told shareholders at last month's annual meeting that £2m had been realised by disposals in the first half and he anticipated to raise at least the same in the second six months. He also said that the company would incur further losses in the first half following 1980's £2.2m deficit. But he anticipated a recovery in the closing months for an overall profit for the year.

Yesterday Mr Maher said the sale of Ward Lock Educational was part of his plan to "reduce publishing by half." Pentos got out of religious publishing, Marshall Morgan and Scott, earlier this year and with the sale of Educational the slimming of the publishing division is now complete.

Mr Maher says that Braemore is being sold because of a "conflict of interest."

"The company was formed in 1976 to market three-piece suites using moulded plastic frames produced by its sister company Profile Expanded Plastics.

"Profile has developed its business with major upholstery manufacturers to a point where Braemore now represents a conflict of interests. Christie-Tyler is already an important customer of Profile and it is anticipated that this agreement will assist in developing the market for moulded shell frame domestic furniture."

APPOINTMENTS

New RTZ director

Mr George R. Albino has been appointed a director of the RIO TINTO-ZINC CORPORATION.

★

IDC CONSULTANTS, a subsidiary of The IDC Group, has made the following appointments: Mr. Frank Lax moves from chief architect to director, architecture; Mr. Ron Briggs, from chief electrical engineer to director; and Mr. Peter McGee, from associate director civil and structural engineering to director.

★

Mr Oskar Prager will be appointed managing director of AYRTON AND PARTNERS on August 1. Mr Richard Pearson, present managing director, will continue as a director, but will devote more time to the financial interests of the Hempel Group.

★

Mr P. E. Williamson has been appointed to the board of FENCHURCH SCOTT REINSURANCE BROKERS. Mr Williamson was formerly a director of Stewart Wrightson Reinsurance Brokers.

★

Mr John Keith Hardisty has been made finance director of LAWS STORES from August 1. Mr Hardisty was financial director and company secretary of Den International, part of the Cape Industries Group.

★

Mr Jack Pryde has joined LLOYDS BANK INTERNATIONAL as assistant head of corporate finance. Mr Pryde was previously an assistant director of Barclays Merchant Bank.

★

Mr Donald Dudley, formerly commercial director of DELANEY GALLEY DYNAMICS has been appointed to the new position of director for defence equipment sales of WESTAIR, part of Neil and Spencer Holdings.

★

Mr N. H. Rogers, assistant general manager (general branch overseas), and Mr W. L. Walker, senior fire and accident manager (overseas) of the PRUDENTIAL ASSURANCE COMPANY are to retire on September 30 and December 31, respectively. The following changes resulting from their retirements take effect on October 1: Mr F. M. Simpson to be assistant general manager (overseas), Mr J. R. Powell assistant general manager (general branch — home) and Mr P. N. S. Clark senior overseas manager. Other appointments announced by Prudential are Mr E. P. Morris as assistant general manager (management services division) from the beginning of October and Mr J. A. Hayler, senior overseas manager from January 1, 1982.

★

FRANK R. FORD, a subsidiary of Ofrex Group, has made the following changes: Mr F. A. P. Hall, managing director of Ofrex and a member of the group board, becomes executive director of Frank R. Ford, responsible for setting policies and commercial priorities. Mr Hall, who holds similar responsibilities in respect of the group's Australian and Canadian subsidiaries, will be joined on Ford's board by Ofrex financial director, Mr Keith V. Potts, and technical and service director, Mr Edgar G. Eyre. Mr Neville V. Smith has been appointed general manager of the company's Droitwich operations.

★

Mr Norman J. Garrod has been elected chairman of the council of the PRINTERS' CHARITABLE CORPORATION in succession to Sir Eric Cheadle who has been appointed a trustee.

★

Mr Jack Spink, at present a director of Warburg Investment Management, has been appointed general manager, investments, of UNIVERSITIES SUPERANNUATION SCHEME from November 1.

★

Mr Chris Bradshaw has been appointed business development director and Mr John Capstick catering managing director of UB (BISCUITS), of Isleworth. Mr John Harman continues as sales director, Mr Jim Laird takes over the newly-created post of trading director, and Mr Eric Nicoll is marketing director.

★

Mr G. F. Duff, a director of Unwins Limited, has become purchasing and marketing director of the UNWINS WINE GROUP in place of Mr P. M. J. Wetz, who will be taking up other responsibilities within the group.

★

Mr Walter Beatty has been appointed to the UK and Republic of Ireland board of the NATIONAL MUTUAL LIFE ASSOCIATION OF AUSTRALASIA.

★

Mr John Kerslake has been appointed finance director of LRC INDUSTRIAL HOLDINGS.

★

FISONS has appointed Mr Michael Morton to the board of its fertiliser division as purchasing director from August 1. He was previously managing director of Fisons Diamond Fertiliser and Chemical Company.

★

Mr A. Tyldesley has been appointed to the board of TOOTAL, responsible for the groups corporate planning department, pensions, property and public relations. He will also be chairman of the trustee companies and investment committees of the group's principal pension schemes. Mr J. R. Tetlow succeeds Mr Tyldesley as group secretary. Mr J. A. Cashin has become assistant group secretary.

★

The Secretary for Industry has reappointed Mr J. Steele to the board of BRITISH SHIPBUILDERS. Mr R. Fox and Mr T. Crispin have been appointed part-time members.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	—	—	10	39	—	—	$412.50
GOLD C	$425	3	7	36	25	—	—	"
GOLD C	$475	—	—	1	10	10	19	"
GOLD P	$400	15	9	—	—	—	—	"
GOLD P	$450	—	—	—	—	12	40	"
		Oct.		Jan.		April		
ABN C	F.300	16	8	—	—	—	—	F.297
ABN C	F.320	16	2.30	—	—	—	—	
AKZO C	F.25	55	1.50	5	2.60	5	3.60	F.24.10
AKZO C	F.27.50	40	0.80	45	1.50	—	—	"
AKZO P	F.25	10	1.70	—	—	—	—	"
HEIN C	F.50	27	2.50	7	3.20	5	4.50	F.47
HEIN C	F.55	8	1.20	—	—	—	—	"
HEIN P	F.50	5	4.30	—	—	—	—	"
HOOG C	F.17.50	20	2.30	—	—	20	4.60	F.17.80
HOOG C	F.20	19	1.30	18	2	—	—	"
HOOG C	F.22.50	—	—	50	1.10	—	—	"
HOOG P	F.17.50	—	—	105	1	5	1.50	"
HOOG P	F.20	—	—	—	—	5	3	"
IBM C	$65	5	⅛	—	—	—	—	$55¼
KLM C	F.80	11	24 B	—	—	—	—	F.102
KLM C	F.90	38	18.40	—	—	—	—	"
KLM C	F.100	16	12.50 B	—	—	—	—	"
KLM C	F.110	74	7.70 B	—	—	—	—	"
KLM C	F.120	155	5.40	16	8.90	—	—	"
KLM C	F.130	39	3.40	—	—	—	—	"
KLM C	F.140	12	2	—	—	—	—	"
KLM C	F.150	14	0.80	—	—	—	—	"
KLM P	F.60	50	0.50 A	—	—	—	—	"
KLM P	F.70	18	1.40	—	—	—	—	"
KLM P	F.80	193	2	—	—	—	—	"
KLM P	F.90	169	4	—	—	—	—	"
KLM P	F.100	36	8 A	—	—	—	—	"
KLM P	F.110	43	13	—	—	—	—	"
KLM P	F.120	5	22.50 A	—	—	—	—	"
KLM P	F140	—	—	10	43	—	—	"
NEDL C	F.130	14	8.50	—	—	10	15.30	F.133.80
NEDL P	F.130	17	2.70	—	—	—	—	"
NATN C	F.115	16	4	—	—	—	—	F.113
NATN C	F.120	5	1.80	—	—	—	—	"
PHIL C	F.20	71	3.10	—	—	—	—	F.21.90
PHIL C	F.22.50	490	1.70	62	2.70	10	3.40	"
PHIL C	F.25	141	0.80	130	1.70	43	2.10	"
PHIL C	F.27.50	5	0.30	27	0.80	—	—	"
PHIL P	F.22.50	105	1.30	5	1.80	—	—	"
POLA C	$25	—	—	10	4	—	—	$25¾
RD C	F.90	64	5.10	5	7	—	—	F.90
RD C	F.100	33	1.80	—	—	—	—	"
RD P	F.80	108	2.20	—	—	—	—	"
RD P	F.90	35	5.60	—	—	—	—	"
RD P	F.100	40	12.80	—	—	—	—	"
UNIL P	F.140	5	3.20	—	—	—	—	F.145.80
		Aug.		Nov.		Feb.		
BASF C	DM.130	—	—	4	12	—	—	DM.138.70
MANN C	DM.160	—	—	6	7.50	—	—	DM.158.70
SIEM C	DM.240	—	—	5	16	—	—	DM.249
SIEM C	DM.260	20	1	10	5	—	—	"

TOTAL VOLUME IN CONTRACTS 2973
A=Asked B=Bid C=Call P=Put

General Mining Union Corporation Group

Gold Mining Companies' Reports for the Quarter ended 30 June 1981

All companies mentioned are incorporated in the Republic of South Africa

BUFFELSFONTEIN Gold Mining Company Limited

Issued capital – 11 000 000 shares of R1 each.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	Year ended 30.6.1981
Operating results			
GOLD			
Mined (m²)	219 017	209 855	887 678
Ore milled (t)	850 000	839 000	3 372 000
Gold produced (kg)	7 122	6 663	27 517
Yield (g/t)	8,4	7,9	8,2
Working revenue (R/t milled)	109,54	106,12	117,76
Working costs (R/t milled)	48,76	47,67	46,77
(R/m² mined)	189,23	190,59	177,66
Working income (R/t milled)	60,78	58,44	70,99
Gold price received (R/kg)	13 042	13 335	14 390
($/oz)	482	544	579
The above figures include ore processed by Stilfontein Gold Mining Company Limited			
URANIUM			
Pulp treated (t)	795 000	779 000	3 137 000
Oxide produced (kg)	164 500	153 900	615 100
Yield (kg/t)	0,21	0,20	0,20
Financial results (R'000)			
GOLD – Working revenue	93 114	89 032	397 077
– Working costs	41 445	39 997	157 706
– Working income	51 669	49 035	239 371
URANIUM – Working income	2 958	3 581	17 447
Sundry income – net	2 024	2 172	6 384
Dividend received	600	—	600
Tribute and royalties – net	(4 872)	(3 305)	(17 654)
Income before taxation and State's share of income	52 379	51 483	246 148
Taxation and State's share of income	24 254	27 539	127 607
Income after taxation and State's share of income	R28 125	R23 944	R118 541
Capital expenditure	13 243	8 402	39 719
Dividend declared	44 000	—	78 100
Development – Vaal Reef			
Advanced (m)	13 981	14 492	61 385
Advanced on reef (m)	1 447	1 595	6 115
Sampled (m)	1 428	1 515	5 958
Channel width (cm)	113	114	112
Average value – gold (g/t)	14,41	15,55	14,63
– (cm.g/t)	1 630	1 765	1 645
– uranium (kg/t)	0,516	0,482	0,464
– (cm.kg/t)	58,41	54,75	52,16

Ore reserves as at 30 June 1981

	Available	Unavailable	Inaccessible	Total mine
Tons (000's)	6 965	2 030	2 631	11 626
Stope width (cm)	154	153	148	152
Value – gold (g/t)	10,30	10,05	11,69	10,57
– (cm.g/t)	1 583	1 541	1 734	1 611
– uranium (kg/t)	0,313	0,303	0,319	0,312
– (cm.kg/t)	48,05	46,45	47,29	47,60

Ore reserve pay limit is calculated at an estimated gold price of R13 853/kg ($495/oz) and an estimated realisable value for uranium oxide.

REMARKS

Capital expenditure
Amounts approved not yet spent R131 374 000.
Commitments in respect of contracts placed R12 242 000.

Dividend
On 3 June 1981 dividend No. 48 of 400 cents per share was declared to members registered on 19 June 1981. Dividend warrants will be posted on or about 6 August 1981.

Strathmore shaft system
Development of the Strathmore shaft system is progressing according to schedule.

STILFONTEIN Gold Mining Company Limited

Issued capital – 13 062 920 shares of 50 cents each.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	6 months ended 30.6.1981
Operating results			
GOLD			
Mined (m²)	139 605	127 876	267 481
Ore milled (t)	462 000	470 000	932 000
Gold produced (kg)	3 558	3 798	7 356
Yield (g/t)	7,7	8,1	7,9
Working revenue (R/t milled)	101,40	104,27	102,85
Working costs (R/t milled)	53,72	51,34	52,52
(R/m² mined)	177,77	188,68	182,98
Working income (R/t milled)	47,68	52,93	50,33
Gold price received (R/kg)	13 141	12 872	13 002
($/oz)	488	519	504
The above figures exclude ore processed for Buffelsfontein Gold Mining Company Limited			
Financial results (R'000)			
GOLD – Working revenue	46 848	49 004	95 852
– Working costs	24 818	24 127	48 945
– Working income	22 030	24 877	46 907
Sundry income – net	549	1 107	1 656
Dividend received	3 400	—	3 400
Tribute and royalties – net	(3 515)	(3 189)	(6 704)
Income before taxation and State's share of income	22 464	22 795	45 259
Taxation and State's share of income	10 839	12 593	23 432
Income after taxation and State's share of income	R11 625	R10 202	R21 827
Capital expenditure	1 541	1 430	2 971
Dividend declared	16 982	—	16 982

Development	Quarter ended 30.6.1981 Vaal Reef	VCR	Quarter ended 31.3.1981 Vaal Reef	VCR	6 months ended 30.6.1981 Vaal Reef	VCR
Advanced (m)	8 323	176	8 497	147	16 820	323
Advanced on reef (m)	1 706	79	1 301	73	3 007	152
Sampled (m)	1 419	81	1 029	69	2 448	150
Channel width (cm)	26	78	20	74	23	76
Average value – gold (g/t)	47,0	2,5	66,7	2,5	55,3	2,5
– (cm.g/t)	1 227	194	1 314	184	1 264	189
– uranium (kg/t)	0,735	0,081	1,081	0,127	0,880	0,102
– (cm.kg/t)	19,18	6,24	21,30	9,44	20,07	7,71

REMARKS

Capital expenditure
Amounts approved not yet spent R9 076 000.
Commitments in respect of contracts placed R3 387 000.

Dividend
On 3 June 1981 dividend No. 54 of 130 cents per share was declared to members registered on 19 June 1981. Dividend warrants will be posted on or about 6 August 1981.

Dividend received
The company received a maiden dividend of R3,4 million from its subsidiary, Chemwes Limited.

Chemwes Limited

(A subsidiary of Stilfontein Gold Mining Company Limited)
Issued capital – 1 000 shares of R1 each.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	6 months ended 30.6.1981
Operating results			
Pulp treated (t)	885 000	857 000	1 742 000
Oxide produced (kg)	164 791	172 320	337 111
Yield (kg/t)	0,19	0,20	0,19
Financial results (R'000)			
Net income	4 786	5 973	10 759

REMARKS

Capital expenditure
Amounts approved not yet spent R2 607 000.
Commitments in respect of contracts placed R195 000.

Dividend
On 3 June 1981 a maiden dividend of R4 million was declared.

BEISA Mines Limited

Issued share capital – 10 000 000 shares of R1 each.
Loan capital advanced to date – R121 447 000.

Shafts
No. 1 shaft has reached its final depth of 1 071 metres. A small pump station at the shaft bottom has been developed and equipped with pumps to operate automatically during the equipping of the shaft. The installation of the steel work, compressed air, water, pump and ventilation columns as well as electric cables is in progress.
1 826 metres of development were completed from the ventilation shaft on A, 1 and 2 levels.

General
Construction of bar and beer garden facilities continues in the hostel. In Welkom 244 houses have been erected. The construction of the uranium and gold extraction plants is virtually complete and commissioning is in progress.

Capital expenditure
Net expenditure for the quarter on property, shafts, plant and equipment and general expenditure has amounted to R16 150 000 (to date R132 693 000).
Amounts approved in addition to commitments, inclusive of estimated escalation to 31 December 1981 – R45 784 000.
Commitments in respect of contracts placed – R1 854 000

WEST RAND Consolidated Mines Limited

Issued capital – 4 250 000 ordinary shares of R1 each.
– 25 000 deferred shares of R2 each.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	6 months ended 30.6.1981
Operating results			
GOLD			
Gold section			
Mined (m²)	85 284	72 973	158 257
Ore milled (t)	280 000	271 500	551 500
Gold produced (kg)	535	557	1 092
Yield (g/t)	1,9	2,1	2,0
Uranium section			
Mined (m²)	120 289	117 981	238 270
Ore milled (t)	269 000	273 000	542 000
Gold produced (kg)	166	150	316
Yield (g/t)	0,6	0,6	0,6
Working revenue (R/t milled)	16,78	16,22	16,50
Working costs (R/t milled)	30,89	29,80	30,35
(R/m² mined)	82,50	84,97	83,69
Working income (R/t milled)	(14,11)	(13,58)	(13,85)
Gold price received (R/kg)	13 141	12 491	12 813
($/oz)	487	501	496
URANIUM			
Pulp treated (t)	266 500	273 000	539 500
Oxide produced (kg)	81 012	85 170	166 182
Yield (kg/t)	0,30	0,31	0,31
Financial results (R'000)			
GOLD – Working revenue	9 213	8 831	18 044
– Working costs	16 961	16 225	33 186
– Working loss	(7 748)	(7 394)	(15 142)
URANIUM – Working income	3 358	5 842	9 200
Sundry income – net	1 769	102	1 871
Tribute and royalties – net	—	—	—
Income before taxation	(2 621)	(1 450)	(4 071)
State aid	3 773	1 890	5 663
Taxation	214	—	214
Income after taxation and state aid	R938	R440	R1 378
Capital expenditure	212	346	558
Dividend declared – ordinary shares	212	—	212
– deferred shares	71	—	71
Development			
Uranium section			
Advanced (m)	2 731	3 501	6 232
Advanced on reef (m)	1 517	1 645	3 162
Sampled (m)	1 293	1 497	2 790
Channel width (cm)	52	53	52
Average value – uranium (kg/t)	0,992	0,954	0,971
– (cm.kg/t)	51,14	50,77	50,94
– gold (g/t)	2,68	2,66	2,67
– (cm.g/t)	138	142	140
Gold section			
Advanced (m)	6 488	4 539	11 027
Advanced on reef (m)	2 491	1 225	3 716
Sampled (m)	2 235	1 212	3 447
Channel width (cm)	81	78	80
Average value – gold (g/t)	6,97	8,43	7,47
– (cm.g/t)	566	660	599

REMARKS

Capital expenditure
Amounts approved not yet spent R1 964 000.
Commitments in respect of contracts placed R46 000.

Dividends
On 3 June 1981 ordinary share dividend No. 100 and deferred share dividend No. 91 of 5 and 283 cents per share respectively were declared to members registered on 19 June 1981. Dividend warrants will be posted on or about 6 August 1981.

Uranium production
As reported on 6 July 1981 uranium production is to cease as soon as practical.

WINKELHAAK Mines Limited

Issued capital – 12 180 000 shares of R1 each.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	9 months ended 30.6.1981
Operating results			
GOLD			
Mined (m²)	126 084	122 144	383 561
Ore milled (t)	530 000	535 000	1 605 000
Gold produced (kg)	3 445	3 531	10 540
Yield (g/t)	6,5	6,6	6,6
Working revenue (R/t milled)	84,77	86,84	90,69
Working costs (R/t milled)	25,40	23,99	24,07
(R/m² mined)	107,55	105,07	100,98
Working income (R/t milled)	59,37	62,85	66,62
Gold price received (R/kg)	12 988	13 025	13 724
($/oz)	485	507	541
Financial results (R'000)			
GOLD – Working revenue	44 930	46 457	145 558
– Working costs	13 460	12 834	38 632
– Working income	31 470	33 623	106 926
Sundry income – net	1 076	268	1 930
Tribute and royalties – net	254	160	673
Income before taxation and State's share of income	32 800	34 051	109 529
Taxation and State's share of income	19 658	20 737	66 701
Income after taxation and State's share of income	R13 142	R13 314	R42 828
Capital expenditure	1 030	1 068	3 107
Dividend declared	—	26 796	26 796
Development – Kimberley Reef			
Advanced (m)	2 809	2 748	8 480
Advanced on reef (m)	527	613	1 701
Sampled (m)	510	621	1 725
Channel width (cm)	73	50	65
Average value – gold (g/t)	17,2	20,3	18,8
– (cm.g/t)	1 257	1 013	1 225

REMARKS

Capital expenditure
Amounts approved not yet spent – R21 883 000.
Commitments in respect of contracts placed – R3 894 000.

Dividend
A dividend of 220 cents per share was paid on 1 May 1981.

KINROSS Mines Limited

Issued capital – 18 000 000 stock units of R1 each.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	9 months ended 30.6.1981
Operating results			
GOLD			
Mined (m²)	112 678	96 242	311 838
Ore milled (t)	410 000	400 000	1 210 000
Gold produced (kg)	2 378	2 320	6 938
Yield (g/t)	5,8	5,8	5,7
Working revenue (R/t milled)	75,55	75,38	78,52
Working costs (R/t milled)	30,55	29,80	29,64
(R/m² mined)	111,18	123,87	115,03
Working income (R/t milled)	45,00	45,58	48,88
Gold price received (R/kg)	12 982	12 900	13 617
($/oz)	482	502	535
Financial results (R'000)			
GOLD – Working revenue	30 977	30 152	95 008
– Working costs	12 527	11 922	35 870
– Working income	18 450	18 230	59 138
Sundry income – net	493	50	880
Tribute and royalties – net	(208)	(159)	(626)
Income before taxation and State's share of income	18 735	18 121	59 392
Taxation and State's share of income	10 598	10 228	34 263
Income after taxation and State's share of income	R8 137	R7 893	R25 129
Capital expenditure	1 191	1 341	3 135
Dividend declared	—	14 400	14 400
Development – Kimberley Reef			
Advanced (m)	3 401	3 465	10 086
Advanced on reef (m)	772	814	2 480
Sampled (m)	781	758	2 490
Channel width (cm)	51	29	49
Average value – gold (g/t)	25,4	45,1	34,4
– (cm.g/t)	1 295	1 308	1 411
The above includes development for No. 2 shaft area as follows:			
Advanced (m)	2 663	2 610	7 443
Advanced on reef (m)	492	587	1 532
Sampled (m)	493	561	1 566
Channel width (cm)	45	23	34
Average value – gold (g/t)	31,0	70,2	53,4
– (cm.g/t)	1 393	1 614	1 816

REMARKS

Capital expenditure
Amounts approved not yet spent – R51 400 000.
Commitments in respect of contracts placed – R3 115 000.

Dividend
A dividend of 80 cents per unit of stock was paid on 1 May 1981.

MARIEVALE Consolidated Mines Limited

Issued capital – 4 500 000 shares of 25 cents each.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	6 months ended 30.6.1981
Operating results			
GOLD			
Mined (m²)	14 018	14 973	28 991
Ore milled (t)	240 000	240 000	480 000
Gold produced (kg)	312	312	624
Yield (g/t)	1,3	1,3	1,3
Working revenue (R/t milled)	17,20	16,04	16,62
Working costs (R/t milled)	12,19	11,84	12,02
(R/m² mined)	208,73	189,81	198,96
Working income (R/t milled)	5,01	4,20	4,60
Gold price received (R/kg)	12 447	12 336	12 391
($/oz)	460	480	470
Financial results (R'000)			
GOLD – Working revenue	4 128	3 850	7 978
– Working costs	2 926	2 842	5 768
– Working income	1 202	1 008	2 210
Sundry income – net	18	(42)	(24)
Tribute and royalties – net	—	(6)	(6)
Income before taxation	1 220	960	2 180
Taxation	683	547	1 230
Income after taxation	R537	R413	R950
Capital expenditure	—	—	—
Dividend declared	1 125	—	1 125

REMARKS

Dividend
On 12 June 1981 dividend No. 82 of 25 cents per share was declared to members registered on 26 June 1981. Dividend warrants will be posted on or about 6 August 1981.

Gold hedging operations
Authority has been obtained from The South African Reserve Bank to enter into hedging transactions by means of forward sales of specified quantities of gold per month over 24 months.
In terms of this authority 280 kilograms of gold were sold forward on 21 May when the London gold fix was $480/oz. The sales are at the rate of some 10 kilograms of gold per month at prices ranging between approximately $490,00 in July 1981 and $625,00 per ounce in June 1983.

The GROOTVLEI Proprietary Mines Limited

Issued capital – 11 438 816 stock units of 25 cents each.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	6 months ended 30.6.1981
Operating results			
GOLD			
Mined (m²)	115 830	108 958	224 788
Ore milled (t)	435 000	440 000	875 000
Gold produced (kg)	1 653	1 584	3 237
Yield (g/t)	3,8	3,6	3,7
Working revenue (R/t milled)	49,68	45,76	47,71
Working costs (R/t milled)	25,52	24,78	25,15
(R/m² mined)	95,84	100,08	97,90
Working income (R/t milled)	24,16	20,98	22,56
Gold price received (R/kg)	13 041	12 678	12 863
($/oz)	484	493	488
Financial results (R'000)			
GOLD – Working revenue	21 612	20 134	41 746
– Working costs	11 101	10 905	22 006
– Working income	10 511	9 229	19 740
Sundry income – net	125	(194)	(69)
Tribute and royalties – net	(185)	(171)	(356)
Income before taxation	10 451	8 864	19 315
Taxation	5 424	4 560	9 984
Income after taxation	R5 027	R4 304	R9 331
Capital expenditure	913	582	1 495
Dividend declared	7 893	—	7 893
Development – Kimberley Reef			
Advanced (m)	1 231	1 199	2 430
Advanced on reef (m)	769	751	1 520
Sampled (m)	762	738	1 500
Channel width (cm)	25	20	23
Average value – gold (g/t)	23,8	40,1	30,3
– (cm.g/t)	596	801	697

REMARKS

Capital expenditure
Amounts approved not yet spent – R26 571 000.
Commitments in respect of contracts placed – R2 396 000.

Dividend
On 12 June 1981 dividend No. 85 of 69 cents per unit of stock was declared to members registered on 26 June 1981. Dividend warrants will be posted on or about 6 August 1981.

BRACKEN Mines Limited

Issued capital – 14 000 000 shares of 90 cents each.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	9 months ended 30.6.1981
Operating results			
GOLD			
Mined (m²)	62 380	61 436	186 032
Ore milled (t)	240 000	240 000	720 000
Gold produced (kg)	864	864	2 592
Yield (g/t)	3,6	3,6	3,6
Working revenue (R/t milled)	47,25	47,72	49,99
Working costs (R/t milled)	28,00	27,32	27,19
(R/m² mined)	107,73	106,76	105,23
Working income (R/t milled)	19,25	20,40	22,80
Gold price received (R/kg)	12 974	13 084	13 709
($/oz)	483	509	540
Financial results (R'000)			
GOLD – Working revenue	11 340	11 455	35 992
– Working costs	6 720	6 559	19 577
– Working income	4 620	4 896	16 415
Sundry income – net	355	94	579
Tribute and royalties – net	(2)	2	26
Income before taxation and State's share of income	4 973	4 992	17 020
Taxation and State's share of income	2 614	3 121	10 086
Income after taxation and State's share of income	R2 359	R1 871	R6 934
Capital expenditure	317	135	632
Dividend declared	—	4 200	4 200
Development – Kimberley Reef			
Advanced (m)	1 198	1 135	3 256
Advanced on reef (m)	131	231	561
Sampled (m)	116	234	554
Channel width (cm)	30	32	31
Average value – gold (g/t)	37,6	37,0	37,2
– (cm.g/t)	1 129	1 185	1 153

REMARKS

Capital expenditure
Amounts approved not yet spent – R669 000.
Commitments in respect of contracts placed – R28 000.

Dividend
A dividend of 30 cents per share was paid on 1 May 1981.

BEATRIX Mines Limited

Share capital — 100 shares of R1 each
Loan capital advanced to date — R34 902 000

Shaft sinking

No. 1 shaft
Preliminary sinking has reached a depth of 51 metres.

No. 2 shaft
Preliminary sinking was carried out to a depth of 64 metres. The headgear is now being modified and the winder installed in preparation for full-scale sinking.

General
The construction of the general offices, shaft offices, change houses, store complex, workshops, sewage plant and hostel for labourers at the main site as well as housing in Virginia for white employees is on schedule.
The permanent water supply from Virginia has been connected to the mine.

Capital expenditure
Net expenditure for the quarter on property, shafts, plant and equipment and general expenditure has amounted to R18 776 000 (to date R34 868 000).
Amounts approved in addition to commitments, inclusive of estimated escalation to 31 December 1981 – R258 733 000.
Commitments in respect of contracts placed R41 932 000.

LESLIE Gold Mines Limited

Issued capital – 16 000 000 shares of 85 cents each.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	9 months ended 30.6.1981
Operating results			
GOLD			
Mined (m²)	73 252	68 082	212 819
Ore milled (t)	315 000	315 000	945 000
Gold produced (kg)	1 008	1 008	2 961
Yield (g/t)	3,2	3,2	3,1
Working revenue (R/t milled)	41,67	41,93	43,19
Working costs (R/t milled)	27,28	25,98	26,13
(R/m² mined)	117,31	120,21	116,01
Working income (R/t milled)	14,39	15,95	17,06
Gold price received (R/kg)	12 974	12 967	13 647
($/oz)	485	505	537
Financial results (R'000)			
GOLD – Working revenue	13 126	13 209	40 816
– Working costs	8 593	8 184	24 689
– Working income	4 533	5 025	16 127
Sundry income – net	215	(28)	203
Tribute and royalties – net	(42)	(3)	(72)
Income before taxation and State's share of income	4 706	4 994	16 258
Taxation and State's share of income	1 820	2 711	7 768
Income after taxation and State's share of income	R2 886	R2 283	R8 490
Capital expenditure	728	470	1 876
Dividend declared	—	4 640	4 640
Development – Kimberley Reef			
Advanced (m)	2 000	2 041	5 907
Advanced on reef (m)	563	634	1 818
Sampled (m)	569	673	1 856
Channel width (cm)	14	18	18
Average value – gold (g/t)	25,4	22,4	20,2
– (cm.g/t)	355	404	363

REMARKS

Capital expenditure
Amounts approved not yet spent total R4 036 000 of which R2 938 000 has been approved by The Government Mining Engineer for 1981 in terms of the Gold Mines Assistance Act, 1968 (as amended).
Commitments in respect of contracts placed – R636 000.

Dividend
A dividend of 29 cents per share was paid on 1 May 1981.

ST. HELENA Gold Mines Limited

Issued capital – 9 625 000 shares of R1 each.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	9 months ended 30.6.1981
Operating results			
GOLD			
Mined (m²)	110 769	101 040	316 792
Ore milled (t)	530 000	530 000	1 615 000
Gold produced (kg)	3 816	3 869	11 848
Yield (g/t)	7,2	7,3	7,3
Working revenue (R/t milled)	93,15	94,10	100,46
Working costs (R/t milled)	31,92	30,38	30,31
(R/m² mined)	152,71	159,36	154,52
Working income (R/t milled)	61,23	63,72	70,15
Gold price received (R/kg)	12 908	12 854	13 680
($/oz)	474	500	537
Financial results (R'000)			
GOLD – Working revenue	49 369	49 873	162 239
– Working costs	16 915	16 102	48 950
– Working income	32 454	33 771	113 289
Sundry income – net	863	55	1 705
Income before taxation and State's share of income	33 317	33 826	114 994
Taxation and State's share of income	17 159	19 201	64 871
Income after taxation and State's share of income	R16 158	R14 625	R50 123
Capital expenditure	4 447	2 146	8 014
Dividend declared	—	31 763	31 763

Development	Quarter ended 30.6.1981 Basal Reef	Leader Reef	Quarter ended 31.3.1981 Basal Reef	Leader Reef	9 months ended 30.6.1981 Basal Reef	Leader Reef
Advanced (m)	1 653	277	1 443	108	4 528	517
Advanced on reef (m)	195	152	184	64	597	232
Sampled (m)	187	141	173	79	588	246
Channel width (cm)	86	153	100	150	91	150
Average value – gold (g/t)	11,5	5,5	18,1	4,5	12,9	4,9
– (cm.g/t)	988	842	1 813	670	1 177	732

REMARKS

Capital expenditure
Amounts approved but not yet spent – R29 622 000.
Commitments in respect of contracts placed – R3 722 000.

Dividend
A dividend of 330 cents per share was paid on 1 May 1981.

General
The dilution of ore sent to the mill by waste rock, as explained in the quarterly report dated 31 March 1981, has continued. However, the development of new ore pass legs between 25 and 26 levels is nearing completion.

UNISEL Gold Mines Limited

Stated capital – 28 000 000 shares of no par value.

	Quarter ended 30.6.1981	Quarter ended 31.3.1981	9 months ended 30.6.1981
Operating results			
GOLD			
Mined (m²)	47 814	43 861	135 329
Ore milled (t)	255 000	246 000	741 000
Gold produced (kg)	1 708	1 599	4 819
Yield (g/t)	6,7	6,5	6,5
Working revenue (R/t milled)	88 05	85,50	89,98
Working costs (R/t milled)	33,80	34,31	34,27
(R/m² mined)	180,25	192,45	187,68
Working income (R/t milled)	54,25	51,19	55,71
Gold price received (R/kg)	13 111	13 114	13 799
($/oz)	500	510	546
Financial results (R'000)			
GOLD – Working revenue	22 452	21 034	66 678
– Working costs	8 618	8 441	25 398
– Working income	13 834	12 593	41 280
Sundry income – net	(359)	(939)	(1 842)
Income	R13 475	R11 654	R39 438
Capital expenditure	911	(177)	830
Loan repayments	12 676	6 000	21 790
Dividend declared	—	11 200	11 200

Development	Quarter ended 30.6.1981 Basal Reef	Leader Reef	Quarter ended 31.3.1981 Basal Reef	Leader Reef	9 months ended 30.6.1981 Basal Reef	Leader Reef
Advanced (m)	1 736	221	1 711	125	5 169	348
Advanced on reef (m)	570	126	619	60	1 800	186
Sampled (m)	513	136	612	53	1 706	189
Channel width (cm)	141	243	124	139	135	214
Average value – gold (g/t)	14,1	5,0	17,1	4,3	14,2	4,8
– (cm.g/t)	1 986	1 203	2 116	601	1 922	1 036

REMARKS

Capital expenditure
Amounts approved not yet spent – R1 717 000.
Commitments in respect of contracts placed – R203 000.

Dividend
A dividend of 40 cents per share was paid on 1 May 1981.

NOTES

1. **Development values quoted above represent actual results of sampling, and no allowance has been made for any adjustments which may be, or were, necessary when estimating ore reserves at the end of the financial years.**
2. ***All financial figures are unaudited.***
3. **The quarterly reports have been approved and signed on behalf of the respective companies by two directors.**

Johannesburg, 22 July 1981

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WEAK DEMAND CUTS OPERATING EARNINGS

Strong dollar boosts Exxon profit

BY DAVID LASCELLES IN NEW YORK

EXXON, the world's largest oil company, bucked the declining earnings trend in the oil industry yesterday, by announcing a huge 77 per cent increase in net income compared to the same period last year.

But this was largely accounted for by the effects of the soaring dollar on Exxon's profits and debt obligations. Stripped of this factor, Exxon's operating earnings were down 13.3 per cent, which is in line with the broad industry experience. Exxon has a wider foreign exposure than many U.S. oil companies.

Mr Clifton Garvin, the chairman, attributed the drop to a weaker demand for petroleum products and chemicals, along with a rise in the cost of Opec and other crude oil supplies. Together, these squeezed operating margins, he said.

Net income in the second quarter was $1.83bn or $2.11 a share, up from $1.03bn or $1.18, in the second quarter of last year. But operating earnings were $1.34bn compared to $1.55bn last year. Revenues were $2.47bn against $26.22bn.

Foreign currency translation had the twin impact of reducing the operating margins of Exxon's overseas affiliates and shrinking the company's net foreign currency debt.

Mr Garvin said the bright spots in the quarter included an earnings improvement in Exxon's U.S. oil and gas production, due to the decontrol of energy prices. U.S. refining and marketing operations were also back in the black after two loss-making quarters.

But foreign exploration and production earnings were disappointing and profits from foreign refining and marketing were also sharply down, by 53 per cent. Wold-wide chemical earnings were down by 10 per cent, he said.

Mr Garvin said that Exxon made $4.6bn of capital and exploration expenditures in the first half of 1981, an increase of 46 per cent on last year. The bulk of the increase was made in the U.S., where outlays doubled.

For the first six months of 1981, Exxon has earned $3.43bn or $3.96 a share, an increase of 16 per cent on the first half of 1981. Half-year sales were $57.79bn against $55.88bn.

Standard Oil of Indiana, the sixth largest U.S. oil company, reported a 13 per cent increase in second quarter earnings to $552.8m. Revenues increased from $7.2bn to $8.1bn. First half net profits were $929.5m, against $1.1bn last year, on sales up from $13.6bn to $16bn.

The drop in earnings continues to reflect the slackness in the oil products market.

● Exxon and Shell Oil headed the big spenders when more than 100 companies pledged nearly $2.7bn for Gulf of Mexico oil and gas leases.

Counting unsuccessful bids, more than $5.2bn was offered for 162 of the 212 offshore tracts offered at yesterday's federal lease sale.

Shell and its partners offered the highest bid in the sale, $121.8m, while Exxon made the second highest bid on a single tract, $115.2m.

Mobil Oil draws on $6bn credit line

By Our New York Correspondent

MOBIL OIL, which is at the thick of the multi-billion dollar takeover battle for Conoco, confirmed yesterday that it had drawn down the $6bn bank credit line it set up to finance its bid. At the same time, Conoco launched legal proceedings to try to stop Mobil's $7.7bn bid on the grounds that it would violate U.S. anti-trust law.

Mobil would not say why it had drawn on the credit line before it was needed, nor what it had done with the money. However, it is understood to have been place don depocit in the Euromarkets with Citibank and the other major banks which helped set up the facility. Contrary to some reports, the money has not been invested in short-term money market securities.

Mobil is also understood to have decided to take the money immediately, in order to be in a strong manoeuvring position in the fast-moving takeover battle for Conoco, where there are at least three major contestants, the others being Du Pont and Seagram.

However, the draw down puzzled — and alarmed — Wall Street yesterday because it suggested that other big corporations which have put together multi-billion dollar credit lines in recent weeks, like Texaco, Gulf, Marathon Oil, Cities Service and Conoco itself, might be tempted to do the same. If so, they could swamp the money markets, and jeopardise the money supply and interest rates. Only two days ago, Mr Paul Volcker, the Federal Reserve chairman, said he was not worried about the credit lines, which total nearly $40bn, because the chances of their actually being drawn down were slim.

Gulf Oil, which has a $5bn facility, said yesterday it had not yet drawn it down. Texaco said it did not comment on its banking arrangements.

Some people were puzzled as to why Mobil should want to be able to use the money at a moments's notice when U.S. takeover laws require statutory wainting periods of several weeks

As the legal skirmishing over the takeover went on, Conoco filed suit in Washington asking the courts to bar Mobil's offer because it would violate the Clayton Act, which forbids mergers that reduce competition.

Lockheed earnings up despite TriStar

BY LACHLAN DRUMMOND IN NEW YORK

A CONTINUED strong performance from the military side of its operations allowed Lockheed, the California-based aerospace group, to report a $14.6m net profit for the second quarter.

However, its TriStar airliner activities were again in the red and this combined with higher interest charges on increased borrowings pulled down total profits.

A year ago Lockheed reported a $26.4m loss after writing off $70m against the TriStar project. Six-month's profit was $51.1m against a loss of $14.6m a year earlier.

Sales for the 1981 second quarter were $1.65bn compared with $1.44bn, for a half year of $2.51bn against $2.98bn. The company said its programme profits, excluding the TriStar, were up from $160m in 1980 to $205m.

Lockheed said the problems of the TriStar continue to cause concern and that in the autumn the company would decide the planned level of output for 1983, a decision which could result in the dropping altogether of the TriStar which has been plagued by production difficulties and losses.

The cost of dropping the TriStar is estimated at between 300m to $500m but would allow the good performance of its military activities to show through, according to Wall Street.

Promotion costs hit General Foods

By Our New York Staff

HEAVY PROMOTIONAL spending, aimed at building sales volume, has hit results at General Foods, the U.S. packaged food and coffee group which took over the Oscar Mayer meat-processing concern earlier this year.

Although sales for the first quarter ended June 30 were 16.3 per cent higher at $2.06bn, mainly as a result of the inclusion of Oscar Mayer for two months, net earnings plunged from $72.3m to $50.3m. Oscar Mayer did not contribute to earnings for the quarter because of the cost of borrowings used to finance part of the $460m takeover.

The company said that the results were adversely affected not only by increased spending to promote new and reintroduced brands, but also by lower green coffee prices, compared with the first quarter of the 1980-81 fiscal year.

The promotional spending is paying off, however, with overall volume beginning to improve, although this is not expected to lift earnings until later in the year. General Foods expects to report satisfactory gains in earnings for the full year after last year's unchanged total of $255.4m.

The company's international businesses — which include the HAG coffee group in West Germany—registered volume and earnings gains for the quarter, particularly in Europe. Foreign currency translations also helped the company in the quarter, adding 5 cents a share to profits taking the quarterly figure to $1.02. Last time, there was a 6 cent charge for currency items which left per share profits at $1.45.

Volume also increased at its food service products business and at the Burger Chef fast foods division.

Chase to take stake in Pittsburgh bank

By Our New York Correspondent

CHASE MANHATTAN, the large New York bank, is to invest $50m in a bank in Pennsylvania and lend it a further $75m, in a move clearly designed to position it for the day when the ban on inter-state banking is lifted.

The deal must still be approved and part of it depends on a change in applicable Banking Law. But if and when the deal goes through, it could well set a pattern for future bank expansion across state lines.

The deal involves the purchase by Chase of $50m in new preferred stock to be issued by Pittsburgh's Equibank and its holding company Equimark and the acquisition of an option covering all of Equibank's outstanding stock.

While the whole arrangement will have to pass regulatory hurdles, the acquisition of the option to buy stock will itself require a change in banking law. Mr Willard Butcher, the chairman of Chase, said he hoped the law would be changed because it was "unwise" in its present form.

Equibank has $2.8bn in assets and is the third largest bank in the Pittsburgh industrial area. However, it has suffered from weak earnings and low capitalisation, and has been looking for a large capital injection. Earlier this week it announced a loss of $33.3m in the second quarter, and said it was writing off $15m in loan losses.

AMC plans new Jeep range

BY KENNETH GOODING IN DEARBORN, MICHIGAN

AMERICAN MOTORS, with heavy financial backing from Renault of France, will launch an entirely new range of lighter weight, four-wheel-drive Jeeps in 1983, according to Mr Royston Lunn, AMC's vice-president, product engineering.

The vehicles have been designed to take on Britain's Land Rover, and particularly Japan's Toyota, a leading four-wheel-drive manufacturer.

AMC is now 46 per cent-owned by and under the virtual management control of Renault.

The two companies have pooled their design and engineering resources so that Renault can concentrate on cars and AMC on four-wheel-drive vehicles.

However, AMC is also contributing to the design of the cars to be made at AMC's plant in Kenosha, Wisconsin, while Renault has influenced the design of Jeeps to be exported to Europe.

At the Automotive News world congress Mr Lunn predicted that worldwide sales of all four-wheel-drive vehicles by 1986 would be between 1.5m and 2m, compared with around 800,000 last year, which was well down from the peak of 1.44m in 1978, because of the virtual collapse of sales in the U.S. Futures sales would be split more or less equally between the U.S. and countries (excluding those in Comecon) outside the U.S.

He said that as cars got smaller in the U.S. demand by ordinary motorists for vehicles with four-wheel drive capability to meet adverse road conditions would increase.

And he hinted that AMC might produce for the U.S. a four-wheel drive version of the Renault R18 replacement to take account of this demand and the vehicle might also be exported to Europe.

Fast growth at Royal Trustco

By Robert Gibbens in Montreal

ROYAL TRUSTCO, Canada's largest trust company, which is increasing its banking operation in Florida, earned C$21.9m (U.S.$18.3m) or C$1.05 per share in the first six months, against C$12.7m or 64 cents per share last time.

Earnings for the second quarter totalled C$12.4m, or 61 cents per share, against C$9.2m or 49 cents per share.

The largest shareholders in the group are the Reichman family, who control Olympia and York Developments of Toronto, and the Peter and Edward Bronfman interests.

Chrysler to rebuild its European sales network

BY OUR MOTOR INDUSTRY CORRESPONDENT IN DEARBORN, MICHIGAN

CHRYSLER of the U.S. hopes to have a "comeback" year in Europe by selling 25,000-30,000 cars there in 1981 and make a "modest profit" on each one, according to Mr Gerald Greenwald, the company's vice-chairman.

Chrysler, which sold its European operations to the Peugeot group in 1978, aims to set up a network of 500-750 dealers in Northern Europe by the end of 1982 using Belgium as its main base. The UK will be excluded because of the problems of producing right-hand-drive vehicles.

Chrysler is selling its medium-sized K cars which Mr Greenwald said "the Europeans find very acceptable in body design and which have good fuel economy for their size."

The cars, sold as the Dodge Aries, Dodge Omni and Chrysler le Baron, will compete head on with European models such as the Peugeot 504, Ford Granada, Audi 100, and Renault 20.

Fixed rate dollar bonds steadier in quiet trading

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

PRICES OF fixed rate dollar Eurobonds stabilised yesterday after two days of marked declines, though dealers said turnover remained small.

The stabilisation came after a firm opening in the New York bond market, although prices there gave up some of their gains as trading developed.

Activity in the D-Mark and Swiss franc bond markets was also rather muted as the holiday atmosphere continued. The World Bank's 10½ per cent, DM200m issue met with a good reception, however, being sold out within an hour according to the lead manager Deutsche Bank.

In the Swiss market the coupon of the Compagnie Francaise des Petroles' SwFr 100m issue was raised to 7¾ per cent from 7½, but at the same time the maturity was lengthened to 10 years from nine.

Austria's export credit bank, Oesterreichische Kontrollbank meanwhile has arranged a $100m, seven-year issue in the New York market. The bonds carry no interest but have been priced at a deep discount to give a yield to maturity of 15¾ per cent. The issue price was only 33.514, so that the actual amount raised by the bank was small.

Sumitomo Finance (Asia) is floating a $30m, seven-year floating rate note with a margin of ¼ per cent above six-month Libor and a minimum coupon of 5¼ per cent. The issue, which is guaranteed by the parent bank, is led by CSFB and Sumitomo Finance International.

In other new issue news Nagasakiya, Japan's clothing store, is arranging a SwFr 50m convertible private placement with a 5 per cent coupon, five-year life and 5 per cent conversion premium through UBS.

The City of Montreal is raising SwFr 62m in the form of a five-year 7¾ per cent private placement arranged jointly by Credit Suisse, UBS and Swiss Volksbank.

AMERICAN QUARTERLIES

ACF INDUSTRIES

Second quarter	1981 $	1980 $
Revenue	193.5m	265.7m
Net profits	7.24m	15.53m
Net per share	0.79	1.74
Six months		
Revenue	425.4m	534.5m
Net profits	19.58m	31.67m
Net per share	2.16	3.50

ALEXANDER & BALDWIN

Second quarter	1981 $	1980 $
Revenue	11.3m	122.6m
Net profits	9.75m	19.46m
Net per share	1.06	2.14
Six months		
Revenue	196.3m	208.3m
Net profits	15.39m	32.43m
Net per share	1.68	3.57

AMETEK

Second quarter	1981 $	1980 $
Revenue	116.5m	99.7m
Net profits	7.5m	5.9m
Net per share	0.69	0.55
Six months		
Revenue	226.9m	204.6m
Net profits	14.1m	11.5m
Net per share	1.30	1.08

AMSTED INDUSTRIES

Third quarter	1980-81 $	1979-80 $
Revenue	211.0m	237.1m
Net profits	12.9m	19.6m
Net per share	1.18	1.82
Nine months		
Revenue	647.1m	706.6m
Net profits	41.3m	61.6m
Net per share	3.82	5.71

ANCHOR HOCKING

Second quarter	1981 $	1980 $
Revenue	240.6m	202.5m
Net profits	5.6m	4.53m
Net per share	0.55	0.44
Six months		
Revenue	459.6m	404.3m
Net profits	7.88m	10.3m
Net per share	0.77	1.01

BAKER INTERNATIONAL

Third quarter	1980-81 $	1979-80 $
Revenue	559.3m	408.4m
Net profits	61.22m	37.74m
Net per share	0.92	0.57
Nine months		
Revenue	1.52bn	1.1bn
Net profits	155.04m	94.11m
Net per share	2.32	1.44

BECTON DICKINSON

Third quarter	1980-81 $	1979-80 $
Revenue	271.3m	236.3m
Net profits	19.4m	16.6m
Net per share	0.92	0.80
Nine months		
Revenue	786.0m	685.4m
Net profits	56.2m	48.2m
Net per share	2.67	2.33

BRISTOL-MYERS

Second quarter	1981 $	1980 $
Revenue	851.9m	756.7m
Net profits	71.2m	64.3m
Net per share	1.07	0.97
Six months		
Revenue	1.71bn	1.52bn
Net profits	138.5m	122.7m
Net per share	2.08	1.85

CAPITAL CITIES COMMUNICATIONS

Second quarter	1981 $	1980 $
Revenue	144.1m	120.5m
Net profits	24.3m	20.1m
Net per share	1.85	1.57
Six months		
Revenue	267.1m	227.2m
Net profits	40.7m	35.7m
Net per share	3.10	2.71

CARLING O'KEEFE

First quarter	1981-82 $	1980-81 $
Revenue	159.1m	145.7m
Net profits	4.11m	6.15m
Net per share	0.17	0.26

CARLISLE CORPORATION

Second quarter	1981 $	1980 $
Revenue	107.9m	91.5m
Net profits	9.73m	5.35m
Net per share	1.04	0.58
Six months		
Revenue	209.8m	203.4m
Net profits	18.19m	11.61m
Net per share	1.94	1.26

CELANESE

Second quarter	1981 $	1980 $
Revenue	1.0bn	803.0m
Net profits	41.0m	25.0m
Net per share	2.43	1.70
Six months		
Revenue	1.91bn	1.65bn
Net profits	77.0m	61.0m
Net per share	4.68	4.09

CHROMALLOY AMERICAN

Second quarter	1981 $	1980 $
Revenue	341.7m	10.88m
Net profits	11.79m	10.88m
Net per share	0.74	0.70
Six months		
Revenue	670.3m	756.8m
Net profits	20.19m	18.93m
Net per share	1.25	1.19

CINCINNATI MILACRON

Second quarter	1981 $	1980 $
Revenue	224.2m	202.2m
Net profits	10.8m	12.3m
Net per share	0.47	0.54
Six months		
Revenue	439.6m	387.0m
Net profits	22.4m	24.3m
Net per share	0.98	1.08

CLARK EQUIPMENT

Second quarter	1981 $	1980 $
Revenue	363.8m	381.0m
Net profits	21.6m	10.0m
Net per share	1.70	0.79
Six months		
Revenue	694.3m	841.6m
Net profits	27.2m	30.8m
Net per share	2.13	2.40

CONSOLIDATED FREIGHTWAYS

Second quarter	1981 $	1980 $
Revenue	456.5m	383.9m
Net profits	10.8m	7.0m
Net per share	0.81	0.53
Six months		
Revenue	894.0m	844.9m
Net profits	21.3m	21.9m
Net per share	1.61	1.67

COX BROADCASTING

Second quarter	1981 $	1980 $
Revenue	101.7m	79.2m
Net profits	16.43m	13.52m
Net per share	1.22	1.00
Six months		
Revenue	184.2m	144.0m
Net profits	25.78m	22.75m
Net per share	1.98	1.68

CROCKER NATIONAL

Second quarter	1981 $	1980 $
Net profits	20.85m	22.84m
Net per share	1.42	1.62
Six months		
Net profits	38.54m	45.38m
Net per share	2.62	3.23

CROWN CORK & SEAL

Second quarter	1981 $	1980 $
Revenue	361.2m	408.7m
Net profits	13.6m	22.4m
Net per share	0.94	1.52
Six months		
Revenue	695.2m	740.8m
Net profits	28.6m	37.2m
Net per share	1.96	2.51

DENNISON MANUFACTURING

Second quarter	1981 $	1980 $
Revenue	141.3m	120.5m
Net profits	6.31m	3.99m
Net per share	0.64	0.42
Six months		
Revenue	267.6m	236.0m
Net profits	11.62m	9.11m
Net per share	1.19	0.95

DRAVO

Second quarter	1981 $	1980 $
Revenue	364.7m	237.7m
Net profits	7.1m	5.2m
Net per share	0.53	0.42
Six months		
Revenue	630.6m	448.3m
Net profits	9.5m	5.3m
Net per share	0.71	0.59

DUKE POWER

Second quarter	1981 $	1980 $
Revenue	425.0m	368.0m
Net profits	80.1m	69.0m
Net per share	0.76	0.67
Six months		
Revenue	924.5m	806.7m
Net profits	172.9m	156.5m
Net per share	1.66	1.59

FAIRCHILD INDUSTRIES

Second quarter	1981 $	1980 $
Revenue	360.0m	225.0m
Net profits	28.3m	14.5m
Net per share	1.53	1.13
Six months		
Revenue	672.0m	417.0m
Net profits	45.4m	25.8m
Net per share	2.46	2.02

FIRST BANK SYSTEM

Second quarter	1981 $	1980 $
Net profits	26.1m	28.2m
Net per share	1.71	1.87
Six months		
Net profits	53.4m	55.1m
Net per share	3.52	3.66

FREEPORT-McMORAN

Second quarter	1981 $	1980 $
Revenue	208.2m	156.0m
Net profits	43.3m	42.6m
Net per share	0.63	0.62
Six months		
Revenue	432.8m	319.7m
Net profits	89.0m	85.7m
Net per share	1.29	1.25

B. F. GOODRICH

Second quarter	1981 $	1980 $
Revenue	828.5m	749.9m
Net profits	24.9m	10.0m
Net per share	1.25	0.57
Six months		
Revenue	1.6bn	1.5bn
Net profits	51.3m	30.3m
Net per share	2.66	1.77

HERSHEY FOODS

Second quarter	1981 $	1980 $
Revenue	296.4m	284.0m
Net profits	14.38m	11.74m
Net per share	1.02	0.83
Six months		
Revenue	679.7m	615.7m
Net profits	35.51m	24.89m
Net per share	2.51	1.77

HEUBLEIN

Fourth quarter	1980-81 $	1979-80 $
Revenue	524.4m	488.0m
Net profits	20.9m	18.3m
Net per share	0.96	0.85
Year		
Revenue	2.05bn	1.92bn
Net profits	88.4m	77.4m
Net per share	4.09	3.62

IU INTERNATIONAL

Second quarter	1981 $	1980 $
Revenue	576.3m	547.3m
Net profits	14.3m	13.4m
Net per share	0.63	0.42
Six months		
Revenue	1.14bn	1.11bn
Net profits	28.3m	39.5m
Net per share	1.25	1.16

JOHNS-MANVILLE

Second quarter	1981 $	1980 $
Revenue	574.8m	566.2m
Net profits	8.71m	20.22m
Net per share	0.11	0.62
Six months		
Revenue	1.11bn	1.11bn
Net profits	22.94m	39.32m
Net per share	0.45	1.20

KIDDE INC.

Second quarter	1981 $	1980 $
Revenue	723.3m	623.1m
Net profits	25.88m	22.21m
Net per share	2.55	2.20
Six months		
Revenue	1.37bn	1.24bn
Net profits	45.74m	40.74m
Net per share	4.48	3.98

KNIGHT-RIDDER

Second quarter	1981 $	1980 $
Revenue	313.9m	274.6m
Net profits	28.6m	24.1m
Net per share	0.82	0.74
Six months		
Revenue	604.6m	532.5m
Net profits	47.2m	43.3m
Net per share	1.48	1.33

McGRAW EDISON

Second quarter	1981 $	1980 $
Revenue	632.0m	578.0m
Net profits	15.2m	9.1m
Net per share	0.93	0.56
Six months		
Revenue	1.2bn	1.1bn
Net profits	33.4m	20.7m
Net per share	2.04	1.27

MEI

Second quarter	1981 $	1980 $
Revenue	117.3m	88.8m
Net profits	8.06m	5.89m
Net per share	0.95	0.70
Six months		
Revenue	206.2m	155.3m
Net profits	12.67m	9.63m
Net per share	1.80	1.14

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday August 13.

Closing prices on July 22

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¾ 86 (WW)	55	97½	97⅞	0	−1¼	15.97
Amoco 13¾ 88	75	91¼	91¾	−0⅛	−1¼	16.38
CIBC 14½ 84	185	96	96½	−0⅛	−1⅛	16.22
CIBC 15¾ 86	75	98½	99	−0⅛	−0⅞	15.61
CNA 15¾ 96	75	95⅛	95⅝	+0⅛	−1⅞	16.07
CNE 12¾ 91	100	85¾	86¼	0	−1⅞	15.62
Citicorp O/S 12 87	200	87	87½	−0½	−1⅛	15.27
Citicorp O/S 15½ 84	175	99¼	99¾	+0¼	−0⅛	15.68
Dupont Canada 13½ 91	65	92	92½	−0⅛	−1⅛	15.03
EIB 12¾ 89	75	86¼	86¾	+0⅛	−1⅛	15.88
Eldorado 13¼ 86	50	91¼	91¾	−0⅛	−1¼	15.90
Elec. de France 13 88	125	88⅞	89⅜	0	−2	15.73
Export Dv. Cpn. 9½ 86	160	79¾	80¼	−0⅛	−1⅛	16.03
Fed. Bs. D. 12¾ 85 (N)	50	89⅜	89⅞	−0⅛	−1⅛	15.67
Fed. Bs. D. 15¾ 84 (J)	40	99¾	100¼	−0⅛	−1⅛	15.70
Fin. Exp. Credit 10⅞ 85	50	84	84½	−0⅛	−0⅞	16.20
Finland, Rep. of 9½ 86	100	79⅛	79⅝	−0⅛	−0⅛	16.08
Ford Cr. O/S Fin. 16 84	150	99⅛	99⅝	−0⅛	−0⅛	16.04
Ford Cr. O/S Fin. 16 85	150	97	97½	−0⅛	−0⅛	16.99
Gaz de France 13½ 88	80	92⅝	93⅛	−0⅛	−1⅛	15.76
GMAC O/S Fin. 12⅞ 88	100	88⅜	88⅞	+0⅛	−2⅛	15.73
GMAC O/S Fin. 14⅜ 87	100	95⅜	95⅞	−0⅛	−1½	15.93
Gen. Mts. O/S 11¾ 87	100	85⅝	86⅛	−0⅛	−1⅛	15.39
Genstar 14½ 91	50	96⅝	97⅛	−0⅛	−1⅛	15.35
GTE Fin. 13¾ 86 (WW)	50	95	95½	−0⅛	−1½	15.21
Hiram Walker 16 86	50	101½	102	+0⅛	−0⅛	15.42
IBM Wld. Trade 12½ 88	200	92⅞	93⅜	0	−1⅛	14.13
IBM Wld. Trade 14⅜ 84	100	100	100½	+0⅛	−0⅛	14.80
Nat. Bk. Canada 15¾ 84	40	98	98½	−0⅛	−0⅞	16.01
Newfoundland 13½ 90	60	90	90½	−0⅛	−1½	15.59
Nova Scotia 15 91	75	96⅛	96⅝	−0½	−1⅛	15.71
Ontario Hydro 13½ 91	100	91¼	91¾	−0⅛	−1⅛	15.20
Queb. Hy. 13 91 (WW)	100	85⅛	85⅝	0	−2⅛	16.05
Royal Bk. Canada 14 86	100	96¾	97¼	−0⅛	−1	14.87
SNCF 13 91	75	88⅞	89⅜	−0⅛	−1⅛	15.16
Sth. California 14 87	50	95⅛	95⅝	0	−1⅛	15.21
Sth. California 14½ 88	50	97¼	97¾	0	−0⅛	15.36
Sven Handlshk. 13¾ 88	45	90⅞	91⅜	0	−0⅞	15.94
Swed Ex. Credit 13 86	75	89¾	90¼	−0⅛	−1⅛	16.23
Swed. Ex. Cred. 15¾ 86	50	98¼	98¾	−0⅛	−1⅛	16.17
Toronto-Dom. Bk. 14 84	50	95¼	95¾	−0⅛	−0⅞	16.00
Tribune O/S Fin. 14 86	50	93⅞	94⅜	0	−1	15.81
Wells Fargo Int. 15½ 84	50	99¾	100¼	0	−0⅛	15.45
World Bank 10¼ 87	300	80	80½	−0⅛	−1⅛	15.58
World Bank 14¾ 86	500	94¾	95¼	−0⅛	−1⅛	15.93

Average price changes.. On day −0⅛ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 10 91	100	97½	98¼	0	−0⅛	10.36
Austria, Rep. of 8¾ 92	150	87	87½	−0⅛	−0⅛	10.18
CECA 7¾ 92	150	†86	86½	0	+0⅛	9.95
CECA 10 91	120	†99½	100¼	0	−0⅛	10.00
CII-Honeywell 8½ 90	125	†87¾	88½	+0⅛	−0⅛	10.47
Council of Europe 10 91	100	99⅛	99⅞	−0⅛	+0⅛	10.07
EIB 8½ 90	200	88⅞	89⅝	−0⅛	−0⅞	10.40
EIB 10½ 91	200	†100⅝	101⅜	−0⅛	−0⅛	10.40
ESCOM 9¾ 87	100	90½	91	−0⅛	−0⅛	11.37
Finland, Rep. of 10 88	100	97	97½	−0⅛	−0⅛	10.52
Iberduero SA 9 90	100	†88	88¾	0	+0⅛	11.10
Ind. Bk. Finland 8½ 90	60	†88⅛	89½	−0⅛	−0⅛	10.37
Int.-Am Dv. Bk. 10 91	100	†98⅛	99	−0⅛	−0½	10.21
Japan Air Lines 8¾ 87	100	91⅞	92⅝	+0⅛	+0⅛	9.81
Japan Dev Bk. 7¾ 87	100	88⅜	89½	−0⅛	−0⅛	10.09
Kobe City of 8 90	100	88¼	89	+0⅛	+0⅛	9.98
Midland Int Fin. 8½ 90	150	89¾	90⅝	+0⅛	+0⅛	10.18
Nuclebras 9¾ 88	100	†89¼	90	+0⅛	−0⅛	11.97
OKB 8¼ 92	150	†86½	87¼	0	−0⅛	10.30
Oslo, City of 8¾ 90	80	91⅞	92¼	0	−0⅛	10.17
Venezuela, R. of 9¾ 90	150	93½	94¼	−0⅛	−0⅛	10.81
World Bank 8 90	700	86⅞	88⅝	−0⅛	−0⅛	10.42
World Bank 10 86	150	100¾	101½	−0⅛	−0½	9.71

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

M. Bk. Dnmk. 9 91 EUA	25	†86¼	87¼	−0⅛	0	11.21
SOFTE 8¾ 89 EUA	40	†85¼	87	0	−0⅛	10.36
U. Bk. Nwy. 9½ 90 EUA	16	†82	83½	0	−0⅛	10.81
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.
† Only one market maker supplied a price.
Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

MBB fears government order cuts

BY JONATHAN CARR IN BONN

WEST GERMANY'S leading aerospace concern, Messerschmitt-Boelkow-Blohm (MBB), boosted profits and turnover in 1980 but now faces major challenges on two fronts.

Dr Gero Madelung, MBB chairman, said that not only did the company have to integrate its organisation with that of Vereinigten Flugtechnischen Werke (VFW)—which was formally merged with MBB in January—it also faced the prospect of a downturn in orders and technical support from the Federal Government in Bonn, which was striving to reduce its budget deficit. The latter situation was serious, since last year 57 per cent of MBB's turnover came from the public sector.

Dr Madelung emphasised that Bonn had long pressed for a merger between MBB and VFW—and should now do its part to ensure that the new concern had a fair chance. Among other things, that meant pushing on with programmes for a tactical fighter aircraft (TKF) for the 1990s, and for a second generation of anti-tank helicopters.

The French and U.S. governments were boosting their military orders to their domestic companies, Dr Madelung noted. If Germany's military projects were severely curtailed, important technological "spin off" would be lost to the civil sector, too.

MBB's plans for this year foresee a capital increase of DM 100m to DM 378m ($153m)—the complex shareholding is shown in the table—combined with expenditure of DM 144m for research and development. Overall turnover of the merged concern should be about DM 4.9bn.

Last year MBB (on its own) raised turnover by 27 per cent to DM 3.3bn, and its net profit by DM 6m to DM 50m. Since 1975 the company's sales have more than doubled while its profits have increased fivefold.

A little more than half the turnover (DM 1.7bn) came from civil and military aircraft construction — notably the Airbus and the Tornado combat plane—and 30 per cent from defence work, including anti-tank and anti-aircraft missiles. Many of the projects are carried out jointly with other European concerns.

MBB gained orders worth DM 4.8bn last year and orders in hand at the end of December totalled DM 8bn. The labour force rose slightly to more than 26,000.

● Dornier, the privately-owned West German aerospace group, boosted net profit by DM 0.9m last year to DM 27m ($10.9m), on turnover up by DM 144m to DM 1bn. Aircraft production rose markedly—thanks in particular to the success of the Alpha jet project being carried out in co-operation with France. A further increase in turnover is expected this year and the labour force is likely to stay at about 8,400.

SHAREHOLDINGS IN MBB AFTER MERGER WITH VFW

	%
1. ABM Beteiligungsgesellschaft (Allianz-Versicherung, Bosch)	13.56
2. Bayerische Landesamt Fuer Aufbaufinanzierung	16.50
3. State of Bavaria	7.02
4. Blohm family	0.67
5. Dr. Ludwig Boelkow	1.57
6. Fides-Industriebeteiligungsgesellschaft (Siemens, Thyssen, Aerospatiale)	25.70
7. Hamburger Gesellschaft fuer Beteiligungsverwaltung	18.23
8. Messerschmitt Foundation	6.75
9. VFW-Verwaltungsgesellschaft (Fried. Krupp, Hanseatische Industriebeteiligungen)	10.00

State to provide half of FFr 360m aid for Line

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government yesterday lent its support to a rescue plan for Line, the country's second largest machine tool manufacturer, which ran into severe financial problems at the beginning of this year.

By supplying half of the finance for a FFr 360m ($63m) aid package, the Government has given a clear sign that it intends to push ahead with its radical plans for a wholesale reorganisation of the machine tool sector. In one of his first Cabinet declarations, President Francois Mitterrand said the Government would be putting together a plan for the industry, while helping its research and development effort.

Until fairly recently, Line, a private concern employing 2,200, had been one of the most buoyant companies in its field in France, expanding via a number of takeovers to a turnover of FFr 470m last year. It enjoyed the support of the French administration, which advanced about FFr 120m in special loans to help it acquire a number of ailing companies.

These loans are now to be consolidated as part of the rescue effort. At the same time, some new funds are to be injected to overcome the cash problems that hit the company earlier this year.

The Government also made it clear yesterday that the reorganisation plan it has demanded from the company, to be drawn up in collaboration with the unions, will form part of its overall programme for the industry.

While this global restructuring plan is still going through the administrative mill in Paris, M Pierre Dreyfus, the Industry Minister, has already stated that the Government will be willing to extend aid at the technical, financial and commercial level.

Banco Ambrosiano board to discuss Calvi affair

BY JAMES BUXTON IN ROME

THE BOARD of Banco Ambrosiano, Italy's biggest private sector bank, meets next week to consider the implications of last Monday's four-year prison sentence on its chairman, Sig Roberto Calvi.

Sig Calvi, who is 64, is expected to attend the meeting having been released from prison pending the hearing of an appeal against his sentence. Yesterday he was due to be transferred from hospital to a private clinic to continue his recovery from an overdose of barbiturates on July 9.

Sig Calvi was given a prison sentence and fined a total of L16.5bn ($13.5m) for the illegal export of currency in operations involving the finance company, La Centrale, which is 47.5 per cent owned by Banco Ambrosiano. Three of his associates also received prison terms and were fined. They included Sig Giuseppe Zanon, Banco Ambrosiano's vice chairman, who was given a two and a-half year prison sentence and fined L6.6bn.

Yesterday the value of shares in the Calvi quoted companies fell heavily on the Milan stock exchange, which has been depressed by the severity of the prison sentence on Sig Calvi.

La Centrale, which fell 3.5 per cent on Tuesday, dropped a further 16 per cent, reflecting the fact that it will have to foot the bill for at least part of the L36.9bn fines levied on the four men. Toro Insurance was down nearly 14 per cent, and the bank, Credito Varesino, fell 11 per cent. The provisional bourse index for the day's trading was down 5 per cent.

The key question now is whether or not Sig Calvi will continue to direct the affairs of Banco Ambrosiano, Italy's fifteenth biggest bank, and its network of subsidiaries, as well as Credito Varesino and other banks in north-eastern Italy.

AMERICAN QUARTERLIES Continued

...L INDUSTRIES

	1981 $	1980 $
Second quarter		
Revenue	687.2m	510.3m
Net profits	75.43m	39.79m
Net per share	1.12	0.58
Six months		
Revenue	1.29bn	1.02bn
Net profits	134.9m	76.29m
Net per share	2.00	1.12

NORTHERN TELECOM

	1981 $	1980 $
Second quarter		
Revenue	641.6m	560.6m
Net profits	35.3m	716,000
Net per share	1.02	0.02
Six months		
Revenue	1.23bn	1.05bn
Net profits	58.8m	25.0m
Net per share	1.70	0.74

NORTON

	1981 $	1980 $
Second quarter		
Revenue	343.1m	324.8m
Net profits	24.4m	22.1m
Net per share	1.43	1.34
Six months		
Revenue	670.7m	540.2m
Net profits	42.7m	48.5m
Net per share	2.51	2.95

PEPSICO

	1981 $	1980 $
Second quarter		
Revenue	1.65bn	1.38bn
Net profits	88.6m	77.5m
Net per share	0.96	0.85
Six months		
Revenue	3.12bn	2.58bn
Net profits	142.4m	125.1m
Net per share	1.55	1.37

RORER GROUP

	1981 $	1980 $
Second quarter		
Revenue	88.4m	76.0m
Net profits	8.51m	7.42m
Net per share	0.48	0.43
Six months		
Revenue	159.9m	140.1m
Net profits	13.8m	12.6m
Net per share	0.78	0.72

RYDER SYSTEM

	1981 $	1980 $
Second quarter		
Revenue	504.6m	410.7m
Net profits	20.72m	11.38m
Net per share	1.15	0.66
Six months		
Revenue	970.5m	814.4m
Net profits	31.89m	21.78m
Net per share	1.77	1.26

ST. REGIS PAPER

	1981 $	1980 $
Second quarter		
Revenue	768.9m	694.1m
Net profits	49.91m	47.94m
Net per share	1.52	1.46
Six months		
Revenue	1.51bn	1.37bn
Net profits	97.66m	94.06m
Net per share	2.97	2.87

SCHERING-PLOUGH

	1981 $	1980 $
Second quarter		
Revenue	465.4m	437.5m
Net profits	50.7m	64.1m
Net per share	0.94	1.20
Six months		
Revenue	972.5m	890.1m
Net profits	119.1m	130.8m
Net per share	2.21	2.44

SCOTT PAPER

	1981 $	1980 $
Second quarter		
Revenue	569.8m	527.7m
Net profits	32.7m	59.7m
Net per share	0.79	1.53
Six months		
Revenue	1.14bn	1.07bn
Net profits	58.8m	94.2m
Net per share	1.46	2.42

SPERRY CORPORATION

	1981-82 $	1980-81 $
First quarter		
Revenue	1.32bn	1.27bn
Net profits	15.83m	62.78m
Net per share	0.38	1.56
Year		
Revenue	5.47bn	4.97bn
Net profits	264.3m	283.5m
Net per share	6.45	7.59

SPRINGS MILLS

	1981 $	1980 $
Second quarter		
Revenue	219.8m	185.9m
Net profits	9.6m	7.8m
Net per share	1.08	0.87
Six months		
Revenue	441.3m	371.7m
Net profits	17.8m	16.5m
Net per share	2.01	1.87

VF CORPORATION

	1981 $	1980 $
Second quarter		
Revenue	174.9m	148.7m
Net profits	11.4m	9.4m
Net per share	1.41	1.04
Six months		
Revenue	338.9m	289.7m
Net profits	20.9m	19.3m
Net per share	2.59	2.13

WARNACO

	1981 $	1980 $
Second quarter		
Revenue	98.8m	95.2m
Net profits	1.7m	250,000
Net per share	0.37	0.04
Six months		
Revenue	208.5m	203.6m
Net profits	4.6m	2.7m
Net per share	1.05	0.60

WELLS FARGO

	1981 $	1980 $
Second quarter		
Net profits	23.84m	26.45m
Net per share	1.08	1.16
Six months		
Net profits	62.57m	56.92m
Net per share	2.72	2.49

WEYERHAEUSER

	1981 $	1980 $
Second quarter		
Revenue	1.18bn	1.17bn
Net profits	74.89m	97.54m
Net per share	0.55	0.76
Six months		
Revenue	2.28bn	2.32bn
Net profits	131.9m	208.5m
Net per share	0.98	1.62

WHEELING-PITTSBURGH

	1981 $	1980 $
Second quarter		
Revenue	326.1m	252.0m
Net profits	7.1m	1.3m
Net per share	1.56	0.11
Six months		
Revenue	621.4m	561.2m
Net profits	11.3m	7.8m
Net per share	2.40	1.56

VONTOBEL EUROBOND INDICES
145.76=100%

PRICE INDEX	21.7.81	14.7.81	AVERAGE YIELD	21.7.81	14.7.81
DM Bonds	87.86	87.54	DM Bonds	10.368	10.381
HFL Bonds & Notes	92.46	90.81	HFL Bonds & Notes	11.175	11.201
U.S.$ Strt. Bonds	84.54	83.60	U.S.$ Strt. Bonds	13.604	13.550
Can. Dollar Bonds	83.31	82.86	Can. Dollar Bonds	13.786	13.844

Paliburg bids for control of China Bus

By Kevin Rafferty in Hong Kong

A PARTIAL take-over bid worth HK$472m (U.S.$82.5m) was made yesterday for control of China Motor Bus Company (CMB), one of Hong Kong's two major bus companies. The offer, which the market sees as only the opening shot in a fierce battle for the company, was made by Athlone, a wholly-owned subsidiary of Paliburg Investments.

The bid values the bus company at almost HK$1.3bn. Paliburg will offer HK$35 a share for up to 13.5m China Motor Bus shares. Full acceptance would give the company 56.9 per cent of CMB. It already holds 20.4 per cent.

The partial bid is the first to be approved by the Hong Kong Take-over Committee and is conditional on Paliburg gaining acceptances totalling at least 50 per cent or statutory control of CMB. The reason for allowing a partial bid is that under the terms of its franchise, CMB must remain a publicly quoted company with a fair spread of shareholders.

The share price of CMB has risen sharply in the last two months, more than doubling to close last night at HK$34.

Market analysts noted that the offer price was hardly higher than the quoted price and the Ngan family, the biggest CMB shareholders, are likely to mount a vigorous defence.

Paliburg Investments is controlled by the Lo family which is also the biggest shareholder in the Great Eagle Company and Regal Hotels. Although the offer document will probably stress recent complaints about the standard of bus services and the need for improvement, the real interest in CMB is its property potential. CMB has the franchise for running buses on Hong Kong Island and some cross harbour routes. A number of its station sites are ripe for development.

Mitsubishi group earnings show marginal downturn

BY OUR FINANCIAL STAFF

CONSOLIDATED net profits at Mitsubishi Corporation, Japan's largest trading house, fell by 2.3 per cent to Y41.08bn ($175m) in the year to March, despite a 17 per cent increase in revenues to a record Y14,835bn ($63.3bn). Earlier this year the group reported a marginal rise in net profits on a parent company basis.

The company blamed the group profit setback on heavier interest payments, increased operating expenses, and foreign exchange losses in translating overseas profits into yen. Mitsubishi said the heavier interest payments mainly were domestically incurred.

Earnings per share eased to Y36.17 from Y39.04, on an issued capital of 1.15bn shares compared with the 1.01bn shares in issue a year earlier.

Domestic sales contributed the largest part of revenue, at Y6,032bn or 40.7 per cent, despite rising by only 12.3 per cent from the same period of last year. Domestic sales were led by machinery, mainly for power stations, and raw materials, particularly crude oil and naphtha.

Offshore transactions showed the fastest sales growth at 34.1 per cent — largely comprising raw materials and foods — but accounted for only 10.6 per cent of total revenues at Y1,572bn.

Imports and exports accounted for the remaining 48.7 per cent. Imports rose by 16.6 per cent to Y4,707bn, while exports advanced by 20.3 per cent to Y2,524bn.

Mitsubishi said it is too early to forecast group results for the current year because of uncertain domestic and overseas economic outlooks.

In May, Mitsubishi reported a 5.8 per cent gain in net profits on a parent company basis to Y20.46bn on sales up 15.5 per cent to Y13.937bn.

The company's performance was similar to that of other trading houses. High interest rates had cut into trading profits and the appreciation of the yen of about 6 per cent over the year had limited the rise in sales.

Fuji Photo Film expects further rise in profits

BY OUR FINANCIAL STAFF

FUJI PHOTO FILM expects consolidated net income to rise by 39 per cent to a record Y45bn ($193m) for the year ending October 20 from Y32.36bn last year on sales of Y520bn ($2.2bn), up 12 per cent from Y465.52bn.

A major contributor has been the continued active demand for film and magnetic recording material, including video tapes, the company said.

Fuji earlier reported a 114.6 per cent gain in first-half consolidated net income to Y22.90bn from Y10.67bn on sales of Y249.97bn, up 10.9 per cent.

Earnings per share more than doubled in the half year to Y74.89 from Y35.31.

Fuji said overseas sales rose by 16.3 per cent to Y80.16bn, accounting for 32.1 per cent of the total.

Big increases in Asian and U.S. sales more than offset a slowdown in Europe. The relative stability of silver prices, higher product prices in overseas markets, and foreign exchange profits following the yen's appreciation against the U.S. dollar also helped the net income improvement.

● TEIJIN, the largest polyester maker in Japan, saw consolidated after-tax profits fall by 33.4 per cent to Y6.82bn ($29m) in the year to March 31, despite an 11.6 per cent rise in sales, to Y434.47bn. Earnings per share dropped to Y9.48 from Y14.26.

The textile concern blamed high raw materials costs and high interest-rate charges for the profit slump. The company predicted that sales would rise by 5.9 per cent to Y460bn in the current year, with profits advancing by 2.7 per cent to Y7bn.

Jack Chia lifts stake in Haw Par

By Our Financial Staff

JACK CHIA, the Singapore businessman, is understood to have raised the stake under his control in Haw Par Brothers International, the Singapore-based investment group, to some 17 per cent, after increasing the interest to 13.8 per cent on Monday with the purchase of 532,000 shares out of Haw Par's 124.4m share capital.

Haw Par is the subject of a full bid by United Overseas Bank, valuing the company at S$497m (US$230m). The offer was triggered under Singapore regulations last month, after UOB raised its interest in Haw Par to 29.08 per cent with the purchase of an 11.37 per cent stake from Charter Consolidated, the UK and mining industrial group.

The UOB bid of S$4.00 a share has been rejected by Haw Par. The current market price of Haw Par shares is around $4.77.

BANCO DE LA NACION ARGENTINA

U.S.$30,000,000 Floating Rate Notes 1983

Notice is hereby given pursuant to the Terms and Conditions of the above-mentioned Notes that the Rate of Interest (as therein defined) for the Interest Period (as therein defined) from 23rd July, 1981, to 25th January, 1982, is at the annual rate of 19 1/16 per cent. The U.S. Dollar amount to which the holders of Coupon No. 7 will be entitled on duly presenting the same for payment will be U.S.$98.49 subject to appropriate adjustment thereto (or the making of other appropriate arrangements of whatever nature) which may be made in accordance with the Terms and Conditions, without further notice in the event of an extension or shortening of the above-mentioned Interest Period.

European Banking Company Limited (Agent Bank)

23rd July, 1981.

CURRENCIES, MONEY and GOLD

Dollar eases

The dollar was easier in currency markets yesterday reflecting a softer trend in Euro-dollar rates and reports of intervention by various central banks to contain the dollar's recent rise. The market tended to ignore the high level of U.S. Federal fund rates at 22-23 per cent as yesterday was bank's make-up day.

Sterling rose against the dollar but fell against other currencies.

European currencies were stronger against the dollar. Within the European Monetary System the D-mark remained the strongest currency while the Belgian franc and French franc lost ground quite sharply. However there was no pressure within the system and the Belgian currency was the weakest currency, replacing the Irish punt.

DOLLAR — trade weighted index (Bank of England) fell to 111.6 from 111.9. Trading was rather volatile yesterday but the dollar finished slightly easier overall. Against the D-mark it finished at DM 2.4410 compared with DM 2.4695 on Tuesday and SwFr 2.1000 from SwFr 2.1160 in terms of the Swiss franc. It was lower against the French franc however at FFr 5.7975 against FFr 5.8570 and rose against the Japanese yen to Y234.5 from Y234.40.

STERLING — trade weighted index (Bank of England) rose to 91.8 from 91.7, having stood at 91.7 at noon and 91.5 in the morning. Against the dollar it opened at $1.8425 which was the low for the day and touched $1.86 during the morning before coming back to $1.8550 at noon. During the afternoon it touched a high point of $1.8650 and closed at $1.8600-1.8610, a rise of 1.5c. Against the D-mark it fell to DM 4.5450 from DM 4.5600 and FFr 10.7850 from FFr 10.8050 against the French franc. It was higher against the Swiss franc however at SwFr 3.91 from SwFr 3.9050.

D-MARK — Strongest member of the European Monetary System but still weak against the dollar despite central bank support. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of German exports, may assist a recovery although at present the market remains dominated by the high level of U.S. interest rates — The D-mark was weaker against its EMS partners at yesterday's fixing in Frankfurt. The dollar fell to DM 2.4470 from DM 2.4615 on rumours that the Bundesbank was about to increase or suspend the special Lombard rate currently trading at 12 per cent. This rumour later proved unfounded although the dollar was quoted at DM 2.4380 with dealers noting a softer tendency in Euro-dollar rates. Sterling slipped to DM 4.5410 from DM 4.5500 and the French franc was lower at DM 41.98 per FFr 100 compared with DM 42.14. The Swiss franc eased to DM 1.1653 from DM 1.1658 and the Belgian franc was lower at DM 6.1040 per BFr 100 against DM 6.1290.

JAPANESE YEN — Weaker against the dollar in recent months because of the sharp rise in U.S. interest rates but still underpinned to some extent by Japan's strong economic performance — The yen continued to lose ground against the dollar in Tokyo yesterday despite reports of intervention by the Bank of Japan. The dollar rose to Y235.60 up from LY234.7 at the opening and Y233.40 on Tuesday. Trading was at a fairly low level with spot transactions totalling $1.342bn.

THE POUND SPOT AND FORWARD

July 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8425-1.8650	1.8600-1.8610	0.62-0.72c dis	−4.32	2.03-2.13dis	−4.47
Canada	2.2300-2.2580	2.2530-2.2540	1.00-1.10c dis	−5.59	2.95-3.10dis	−5.37
Nethlnd.	5.03-5.09	5.04½-5.05½	1-½c pm	1.78	2½-2 pm	1.78
Belgium	74.00-74.80	74.15-74.25	56-66c dis	−9.86	112-122 dis	−6.31
Denmark	14.19-14.29	14.21½-14.22½	5-6¾ore dis	−4.78	14¾-16¾ dis	−4.41
Ireland	1.2430-1.2520	1.2465-1.2480	0.14-0.27p dis	−1.97	0.59-0.72dis	−2.10
W. Ger.	4.52½-4.57½	4.54-4.55	⅞-⅜pf pm	1.65	2¾-1¾ pm	1.76
Portugal	120.00-121.40	120.15-120.35	40-85c dis	−5.24	140-230 dis	−6.15
Spain	181.50-182.90	182.30-182.50	45-75c dis	−3.95	225-265 dis	−5.37
Italy	2248-2270	2251½-2253½	25½-27½ dis	−14.12	80-83 dis	−14.47
Norway	11.33-11.41	11.37-11.38	1½-½ore pm	0.92	3-1½ pm	0.79
France	10.77-10.87	10.78-10.79	7-8c dis	−8.34	20½-21½ dis	−7.79
Sweden	9.66-9.71	9.67½-9.68½	½-1½ore dis	−1.24	2½-3½ dis	−1.19
Japan	430-440	436-437	2.85-2.50y pm	7.35	8.05-7.65 pm	7.18
Austria	31.92-32.17	32.08-32.13	6-1gro pm	1.31	14-4 pm	1.12
Switz.	3.88½-3.92½	3.90½-3.91½	2½-1⅞c pm	6.52	4½-4½ pm	4.47

Belgian rate is for convertible francs. Financial franc 78.35-78.45. Six-month forward dollar 3.95-4.05c dis. 12-month 5.55-5.70c dis.

THE DOLLAR SPOT AND FORWARD

July 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8425-1.8650	1.8600-1.8610	0.62-0.72c dis	−4.32	2.03-2.13dis	−4.47
Ireland†	1.4805-1.4935	1.4915-1.4935	0.26-0.36c dis	−2.50	0.88-0.98dis	−2.50
Canada	1.2112-1.2130	1.2123-1.2126	0.03-0.07c dis	−0.49	0.13-0.17dis	−0.49
Nethlnd.	2.7130-2.7390	2.7130-2.7160	1.47-1.37c pm	6.25	4.32-4.22 pm	6.26
Belgium	39.88-40.30	39.88-39.90	par-5c dis	−0.90	par-5 dis	−0.30
Denmark	7.6600-7.7015	7.6600-7.6800	0.15ore pm-0.10pm	0.04	1.25-0.75 pm	0.52
W. Ger.	2.4360-2.4660	2.4405-2.4415	1.32-1.25pf pm	6.34	3.94-3.88 pm	6.41
Portugal	64.60-65.35	64.60-64.80	par-25c dis	−2.30	par-75 dis	−2.30
Spain	98.10-98.45	98.13-98.17	15c pm-par	0.91	5 pm-25 dis	−0.41
Italy	1209-1223	1209-1212	8-10 lire dis	−8.87	28-31 dis	−9.69
Norway	6.1050-6.1470	6.1050-6.1150	3.20-2.70ore pm	5.79	8.80-8.30 pm	5.59
France	5.7925-5.8825	5.7950-5.8000	1.80-2.10c dis	−3.81	4.10-4.75dis	−3.04
Sweden	5.2000-5.2390	5.2000-5.2100	1.60-1.40ore pm	3.45	5.00-4.80 pm	3.75
Japan	234.00-235.75	234.45-234.55	2.35-2.20y pm	11.64	6.85-6.70 pm	11.56
Austria	17.19-17.33	17.27-17.28	9.20-7.70gro pm	5.89	28.00-24.00pm	6.04
Switz.	2.0930-2.1150	2.0995-2.1005	1.88-1.83c pm	10.74	5.14-5.04 pm	9.69

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 22	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.8	−31.9
U.S. dollar	111.6	+4.7
Canadian dollar	87.9	−17.6
Austrian schilling	111.3	+21.6
Belgian franc	105.0	+9.1
Danish kroner	85.8	−11.6
Deutsche mark	116.3	+38.1
Swiss franc	136.4	+83.6
Guilder	107.6	+14.2
French franc	82.5	−11.3
Lira	57.4	−55.9
Yen	138.6	+32.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.610730	0.554659
U.S. $	14	1.13054	1.02279
Canadian $	19.04	1.37054	1.24054
Austria Sch.	6¾	19.5289	17.6687
Belgian F.	13	Unavail.	41.1162
Danish K.	11	8.67819	7.88215
D mark	7½	2.78233	2.52221
Guilder	9	3.09544	2.80327
French Fr.	9½	6.11249	5.98589
Lira	19	1385.25	1251.64
Yen	6¼	253.821	240.356
Norwgn. Kr.	9	6.91316	6.27739
Spanish Pts.	8	110.802	100.459
Swedish Kr.	12	5.88794	5.35483
Swiss Fr.	5	2.38524	2.16136
Greek Dr'ch.	20½	—	61.3573

OTHER CURRENCIES

July 22	£	$		£ Note Rates
Argentina Peso	8792-8812†	4740-4750†	Austria	31.75-32.10
Australia Dollar	1.6290-1.6330	0.8760-0.8765	Belgium	77.50-78.50
Brazil Cruzeiro	175.58-176.58	94.69-95.16	Denmark	14.15-14.30
Finland Markka	8.49-8.50	4.5635-4.5645	France	10.73-10.83
Greek Drachma	108.822-112.256	59.80-60.00	Germany	4.53½-4.57½
Hong Kong Dollar	10.63-10.65	5.7225-5.7275	Italy	2230-2280
Iran Rial	150.80*	81.50*	Japan	434-440
Kuwait Dinar (KD)	0.520-0.526	0.2833-0.2836	Netherlands	5.05-5.08
Luxembourg Fr.	74.15-74.25	39.88-39.90	Norway	11.27-11.39
Malaysia Dollar	4.3825-4.3925	2.3595-2.3625	Portugal	118-125½
New Zealand Dlr.	2.2290-2.2540	1.1975-1.1985	Spain	177-184¾
Saudi Arab. Riyal	6.26-6.32	3.4100-3.4130	Sweden	9.63-9.73
Singapore Dollar	4.0085-4.0185	2.1580-2.1600	Switzerland	3.88-3.92
Sth. African Rand	1.7350-1.7360	0.9325-0.9330	United States	1.84¾-1.86¼
U.A.E. Dirham	6.74-6.80	3.6712-3.6732	Yugoslavia	70-75

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 11,805-11,845 and for the dollar 6,365-6,385. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.2394	+1.08	+1.21	±1.5361
Danish Krone	7.91917	7.88321	−0.45	−0.32	±1.6413
German D-Mark	2.54502	2.51998	−0.98	−0.85	±1.1386
French Franc	5.99526	5.99562	+0.01	+0.14	±1.3638
Dutch Guilder	2.81318	2.80566	−0.27	−0.14	±1.5159
Irish Punt	0.685145	0.691293	+0.90	+1.03	±1.6688
Italian Lira	1262.92	1250.95	−0.95	−0.95	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 22	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.861	4.545	436.5	10.785	3.910	5.050	2253.	2.254	74.20
U.S. Dollar	0.537	1.	2.443	234.6	5.797	2.102	2.714	1211.	1.211	39.88
Deutschemark	0.220	0.409	1.	96.04	2.373	0.860	1.111	495.6	0.496	16.33
Japanese Yen 1,000	2.291	4.262	10.41	1000.	24.71	8.958	11.57	5160.	5.163	170.0
French Franc 10	0.927	1.725	4.214	404.7	10.	3.625	4.682	2089.	2.089	68.80
Swiss Franc	0.256	0.476	1.162	111.6	2.758	1.	1.292	576.1	0.576	18.98
Dutch Guilder	0.198	0.368	0.900	86.44	2.136	0.774	1.	446.0	0.446	14.69
Italian Lira 1,000	0.444	0.826	2.018	193.8	4.788	1.736	2.242	1000.	1.000	32.94
Canadian Dollar	0.444	0.826	2.017	193.7	4.786	1.735	2.241	999.6	1.	32.93
Belgian Franc 100	1.348	2.507	6.125	588.3	14.54	5.270	6.806	3036.	3.037	100

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 22)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 15/16	offer 19 1/16	bid 18 13/16	offer 18 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12⅜-12⅝	19⅝-19⅞	18-20	13-15	1-1½	11½-11¾	19-21	25-30	20-25	6⅛-6¾
7 days' notice	13⅞-13⅜	19½-19¾	18-20	12⅛-13⅛	1½-2	12-12⅛	19-21	25-30	20-22	6⅞-7⅛
Month	14¼-14⅜	18⅝-18⅞	19⅛-19⅛	12½-12⅝	8-8½	12⅝-12⅞	21¼-22¼	27¼-29¼	21½-22	7⅛-7⅜
Three months	14⅞-14⅞	18¾-19	19⅛-19½	12⅞-12⅞	9¼-9⅜	12⅝-12⅞	21¼-22¼	28-29½	20-20½	7⅝-7⅝
Six months	14⅜-14½	18⅝-18⅞	19⅛-19⅛	12¾-12⅞	9⅛-9⅞	12⅞-12⅞	21⅛-21¾	28¼-29¼	19¼-19¾	7⅝-7⅞
One Year	14¼-14½	17⅜-17⅞	18⅛-18⅜	12⅞-12⅞	9⅛-9¼	12⅞-12⅞	19¼-20¼	26¾-27¾	17-18	8⅛-8⅜

SDR linked deposits: one-month 15[11]/16-18[3]/16 per cent three-month 16-16⅜ per cent; six-months 15⅞-16⅛ per cent; one-year 15[7]/16-15[7]/16 per cent.
ECU linked deposits: one-month 16[3]/16-16[9]/16 per cent; three-months 16⅝-16[11]/16 per cent; six-months 16[3]/16-16[7]/16 per cent; one-year 15⅝-16 per cent.
Asian $ (closing rates in Singapore): one-month 18[9]/16-18⅝ per cent; three-months 18⅝-18⅞ per cent; six-months 18[11]/16-18[13]/16 per cent; one-year 17½-17⅞ per cent. Long-term Eurodollar two-years 16⅝-16⅞ per cent; three-years 16⅞-16⅞ per cent; 16⅛-16⅜ per cent; five-years 16-16⅜ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.00-19.10 per cent; three-months 18.75-18.85 per cent; six-months 18.50-18.60 per cent; one-year 17.15-17.35 per cent.

MONEY MARKETS

Uncertain trading

Bank of England Minimum Lending Rate 12 per cent (since March 10 1981)

Short-term interest rates continued to rise in the London money market yesterday in very nervous trading. The authorities have succeeded so far in keeping pressure off clearing bank base rates by feeding overnight funds at around 12 per cent, but have been helped by the relatively comfortable conditions caused by the civil service dispute. The market is likely to be faced with some major problems in the near future however as a result of the £1bn Treasury bill tender tomorrow and the probable end of the disruption to Government finance by the civil servants. This accounts for the rise in period rates and the confused state of the market, although it seems unlikely that the banks' commercial customers are taking advantage of the situation on a large scale by borrowing on overdraft to lend into the money market, because of the risk of a sudden rise in base rates.

In the interbank market one-week money rose to 13-13¼ per cent from 12⅞-13¼ per cent; one-month to 14⅛-14½ per cent from 13⅞-14⅛ per cent; and three-month to 14⅜-14⅞ per cent from 14⅞-14⅞ per cent; but longer periods were unchanged.

Overnight money was available at 11½-12½ per cent for most of the day, but finished tight at 15 per cent, while discount houses found secured call funds within a range of 11½-12½ per cent.

The Bank of England gave assistance on a moderate scale by buying bills at 12-12½ per cent for resale to the market on Monday.

Government disbursements exceeded revenue payments to the Exchequer by a large amount, but this was outweighed by the unwinding of a moderate repurchase agreement on bills, small run-down balances brought forward by the banks, and a small amount of maturing bills in official hands.

In Paris call money was unchanged at 18½ per cent, and period rates were also steady.

In Frankfurt call money was little changed at 12 per cent, the same level as the Bundesbank special Lombard rate, which remains open today. Term rates were firmer however with most periods rising by about 10 points, although 12-month money rose to 12.90-13.00 per cent from 12.75-12.85 per cent.

In Amsterdam money market rates were firmer, after the Dutch National Bank offered to give assistance by way of currency swaps at rates well above the official Lombard rate or the level at which quota loans are made available. Call money rose to 12¼-12½ per cent from 11⅞-12 per cent, following the announcement from the central bank that it is prepared to swap funds for one week and one month at 12.29 per cent and 12.44 per cent respectively, compared with the current quota rate of 10 per cent.

GOLD

Firmer trend

Gold rose $4 an ounce in the London bullion market yesterday to $410-412. Trading was rather dull and featureless with the metal opening at $407½-409½ and being fixed at $409.25 in the morning and $411.50 in the afternoon. Part of the metal's rise was probably attributed to a slightly weaker tendency in the dollar.

In Paris the 12½ kilo bar was fixed at FFr 88,800 per kilo ($474.36 per ounce) in the afternoon compared with FFr 89,500 ($475.54) in the morning and FFr 89,700 ($476.91) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,460 per kilo ($410.50 per ounce) against DM 32,360 ($409.99) previously and closed at $410½-412½ against $405-407.

In Zurich gold finished at $410-413 compared with $405-408 on Tuesday.

GOLD

	July 22		July 21	
Gold Bullion (fine ounce)				
Close	$410-412	(£220-221)	$406-408	(£219½-220½)
Opening	$407½-409½	(£220½-221½)	$407-408½	(£219-220)
Morning fixing	$409.25	(£221.216)	$408	(£220.481)
Afternoon fixing	$411.50	(£221.356)	$406	(£220.413)
Gold Coins				
Krugerrand	$423½-424½	(£227½-228)	$420-421	(£227¾-228¼)
1/2 Krugerrand	$218-219	(£117-117½)	$216¼-217¼	(£117¼-117¾)
1/4 Krugerrand	$111-112	(£59½-60)	$110-111	(£59½-60)
1/10 Krugerrand	$45¼-46¼	(£24¼-24¾)	$45-46	(£24½-25)
Mapleleaf	$419-423	(£225-227¼)	$417-420	(£226-227¾)
New Sovereigns	$102½-103½	(£55¼-55¾)	$101¾-109½	(£55-55½)
King Sovereigns	$114-116	(£60¾-61¾)	$113-115	(£61-62)
Victoria Sovs	$114-116	(£60¾-61¾)	$113-115	(£61-62)
French 20s	$108-113	(£58-60¾)	$107-112	(£58-60¾)
50 pesos Mexico	$511-514	(£274½-276¼)	$505-509	(£273¾-276)
100 Cor. Austria	$396-400	(£212¾-215)	$393-397	(£213-215¼)
$20 Eagles	$543-548	(£291¾-294½)	$540-545	(£292¾-295½)

LONDON MONEY RATES

July 22 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ✣	Eligible Bank Bills ✣	Fine Trade Bills ✣
Overnight	—	11¾-15	12½	—	—	12¼-12⅝	11½-12¼	—	—	—
2 days notice	—	—	13¼	—	—	13½	—	—	—	—
7 days or	—	—	—	—	—	—	12	—	—	—
7 days notice	—	13-13¼	13⅛	14⅞-14½	14¼	14⅛-14¼	12½-12¾	14-14¼	14¼-14½	14¾
One month	14⅛-14⅛	14⅛-14½	14	15-14½	14⅞	14¾	12¾-13⅛	14-14¼	14¼-14⅛	14¾
Two months	14½-14⅞	14⅞-14⅜	—	15-14½	14⅞	14⅞	13-13½	14-14⅛	14⅛-14¼	14¾
Three months	14½-14⅝	14½-14⅞	14½	14¾-14⅜	14⅞	—	—	—	13¾-13⅞	14⅜
Six months	14½-14⅞	14⅞-14⅝	14⅝	15-14½	14⅞	—	—	—	—	—
Nine months	14½-14⅞	14⅝-14⅞	—	14¾-14¼	14⅞	—	—	—	—	—
One year	14⅞-14⅞	14⅜-14½	14⅝	—	—	—	—	—	—	—
Two years	—	—	14¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 14⅛ per cent; four-years 14¼ per cent; five-years 15¼ per cent. ✣ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅛ per cent; four-months trade bills 14⅝ per cent.

Approximate selling rate for one-month Treasury bills 13⅞ per cent; two-months 13⅞ per cent; three-months 13⅞ per cent. Approximate selling rate for one-month bank bills 14-14⅛ per cent; two-months 14-14⅛ per cent; and three-months 14⅛ per cent. Approximate one-month trade bills 14⅞ per cent; two-months 14½ per cent; and three-months 14 per cent; one-month trade bills 14⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association): 13 per cent from July 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice: 9 per cent. Clearing Bank Rates for lending: 12 per cent. Treasury Bills: Average tender rates of discount 13.4703 per cent.

MONEY RATES

NEW YORK	
Prime Rate	20½
Fed. funds	22-24
Treasury bills (13-week)	15.58
Treasury bills (26-week)	15.30
GERMANY	
Special Lombard	12.0
Overnight rate	12.00
One month	12.85
Three months	13.05
Six months	12.95
FRANCE	
Intervention rate	17.75
Overnight rate	18.25
One month	17.75
Three months	17.1875
Six months	16.75
JAPAN	
Discount rate	6.25
Call (unconditional)	7.1875
Bill discount (three-month)	7.46875

International Appointments

A MAJOR INVESTMENT INSTITUTION
THE GULF

A major investment institution requires professional Investment Managers and Analysts with experience in the major investment areas of the world.

Candidates for the Investment Manager posts should have obtained a professional qualification and should have five years' experience of managing a discretionary portfolio of Equities and/or Fixed Interest investments internationally. Ref. 2014/FT

Candidates for the Investment Analyst posts should have obtained a professional qualification and must have at least three years' practical experience in analysing equities internationally. Ref. 2015/FT

Candidates must be prepared to live in The Gulf. The contract will be for a minimum of three years renewable thereafter. Salary will be free of tax in The Gulf. Free accommodation, transport and medical facilities will be provided.

Please write or telephone for an application form, quoting the particular reference number to W. L. Tait.

Touche Ross & Co, Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

General Manager, Operations, Middle East Bank

A major bank in the Gulf with assets of $7 billion wishes to appoint a General Manager–Operations.

Based at the head office and reporting to the Chief Executive, the successful candidate will have overall responsibility for organising the operation functions of the bank, including the computerisation effort, and will over time create a division with a large operating staff.

The ideal candidate will have at least fifteen years experience of bank operations and will be a strong manager, very control conscious, and familiar with computer systems development. Candidates must be fluent in both written and spoken Arabic and English.

The bank is offering a highly competitive base salary and a wide range of overseas fringe benefits including housing, car, insurance and paid annual home leave.

St. James's Corporate Consulting,
Box FT/692, St. James's House,
4/7 Red Lion Court, Fleet St., London EC4A 3EB.

GENERAL MANAGER
INTERNATIONAL INVESTMENT COMPANY
THE GULF

An International Investment company is in the process of being incorporated in one of the Gulf States.

The promoters are looking for an outstanding professional to assume the responsibility of setting up the company and the future development of the business.

The ideal candidate would preferably be 40 to 50, with excellent academic qualifications, a proven record of successful work with a major financial institution and at least seven to ten years experience at general manager level.

Candidates must be prepared to live in the Gulf. The contract will be for a minimum of three years renewable thereafter. Free accommodation, car and medical facilities will be provided.

Please send a comprehensive career résumé, including salary history, quoting ref. 2016/FT, to W. L. Tait.

Touche Ross & Co, Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

International Banking
PARIS

Our client, an important international bank based in Paris, is currently embarking on a programme of planned balance sheet expansion by developing certain areas of its traditional business, such as syndications, and by diversifying into related specialist activities. The bank's management team is, accordingly, to be reinforced by the following new appointments:—

CREDIT MANAGER — **to FF230,000 plus benefits**

A seasoned banker aged 30–40, with a business degree, excellent command of English plus reasonable fluency in French (Spanish would also be useful) and a track record of at least seven years in international bank credit administration. The appointee will head the credit department, supervise all aspects of the loan portfolio and be responsible for the content and presentation of euro-currency and French Franc placing memoranda.

BUSINESS DEVELOPMENT EXECUTIVE — **to FF220,000 plus benefits**

Well qualified candidates in their early to mid thirties should have at least five years international bank business development experience, preferably gained within Latin America or the Far East, with sound understanding of trade finance, project finance, a forfait business and the principles of syndicated lending. Fluency in English is essential and a knowledge of French and/or another European language would be preferred. The successful candidate will deal at the highest level with banks and government bodies (entailing considerable travel) and will be invited to identify potential areas of special interest compatible with the bank's selective policy.

ASSISTANT TO MANAGING DIRECTOR — **to FF180,000 plus benefits**

Applications are invited from young graduate international bankers, preferably aged 25–32, with strong analytical and communication skills and at least four years exposure to euro-currency lending projects ideally including some project finance. Fluency in at least one other European language would be an advantage. This varied and exciting rôle will involve coordinating the development of new lending prospects, assisting in monitoring the loan portfolio, dealing with all stages of the preparation of placing memoranda, at times participating in the financial structuring of projects and providing succinct reports to general management.

Jonathan Wren
Banking Appointments

Please send a detailed curriculum vitae in confidence to Roy Webb, Jonathan Wren & Company Limited, International Division, 170, Bishopsgate, London EC2M 4LX. Tel: 623 1266 – No identities divulged without permission.

Corporate Finance Specialist

A well-known German private banking institution is establishing a MERGER AND ACQUISITION AFFILIATE. The bank is seeking an individual to join the existing team in a leading position. An experienced counterpart will be employed in New York City. The entire worldwide facilities of the banking institution will be available to this company.

The individual selected will have a demonstrated record of closing corporate acquisition transactions. He will be a self-starter capable of originating business and negotiating with top management. He will have a wide range of contacts to international industry and commerce as well as fluency in at least German and English. The successful candidate is currently probably in a senior position with a leading investment banking house or with industry. A competitive compensation package is being offered which will be in large part success-related.

Following receipt of a complete curriculum vitae with all relevant data, qualifying applicants will be interviewed in Frankfurt by senior management of the bank. Applications will be dealt with by the senior management only and complete discretion is guaranteed.

Please write: Box A.7585, Financial Times
10 Cannon Street, EC4P 4BY

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01-637 7604

DIVISION MANAGER
COMPRESSED AIR AND DRILLING
around £33,000

Our client, a leading equipment distributor in the Middle East, has a very interesting and challenging opening for a candidate, able to expand country-wide sales and product support totalling already in excess of $30 million annually. The position reports directly to the General Manager.

Age is likely to be between 34 and 45. Manufacturer or large distributor background and knowledge of international activity are mandatory as is line management experience in sales. Engineering and business administration background is preferred.

If you are flexible and enjoy contributing to a newly developing structure, please call for a first, totally confidential information exchange, Mr. André Ruf in Switzerland on 021-261023 or better, write with a complete c.v., photo and telephone/telex contacts, quoting reference FT/CAD. to:

PLANTMEN
EQUIPMENT INDUSTRY MANAGEMENT CONSULTANTS
Case Postale 3967, 1002 Lausanne, Switzerland

FUND MANAGER
Singapore

EAL

Wardley Investment Services Limited seeks a Fund Manager to establish a branch office in Singapore with responsibility for managing existing sizeable funds in Singapore/Malaysia supported by close liaison of international strategy from Hong Kong Head Office. Significant scope for new business development in rapidly expanding financial centre.

Candidates, aged around 30, must have experience of the Singapore/Malaysian securities market combined with administrative skills and enthusiasm for client contact. Good basic salary, free furnished accommodation, leave passage benefits, flexible house loan and excellent profit sharing scheme. Company car. (SW. 869).

Candidates male or female should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W1, quoting reference. No identities divulged without permission.

triplejay

Financial Controller
Construction Equipment Industry
c. £18,000 • South Africa

Triplejay Equipment (Pty) Limited, a subsidiary of the successful Babcock International Group, manufactures, assembles, and markets a wide range of concrete batching plants, mixers, truck mixers, dumpers and similar equipment for the construction industry throughout South Africa.

The Financial Controller/Company Secretary will immediately assume a key role in the management team in Johannesburg reporting directly to the Managing Director.

Responsibilities will include monthly management reporting and interpretation of results, cash flow forecasting, asset management, annual budgets, periodic forecasts, taxation, legal matters, capital expenditure control, short term financing of imports, internal auditing and development of computer based systems.

You will also be functionally responsible for the control of accountants at our Kingwilliamstown factory and in our 7 sales branches. In particular you will liaise closely with the manufacturing plant accountant in relation to integrated computer based production and materials planning, costing and accounting systems.

You will be a qualified accountant, with previous senior financial management experience in industry – self motivated and able to contribute positively to decision making within the company.

The remuneration package includes a salary of around £18,000 plus annual bonus, company car, pension and private medical scheme. Assistance with relocation will be offered as appropriate.

Interviews will be conducted in London on Thursday 13th August 1981.

Please write with full personal details to:
Mrs. J. Deans, Babcock International Limited, Cleveland House, St. James's Square, London SW1Y 4LN.

Babcock International Ltd

INTERNATIONAL TREASURY MANAGER
Package circa £16,000 + Car

PRIME Computer manufactures, markets, and services a range of small and medium scale computers used in commercial, industrial, governmental, and scientific environments. Our continued growth and expansion has created an excellent opportunity in the Finance Department at our headquarters in Hounslow servicing a network of offices in the major industrial centres of Europe.

Reporting to the Director of Treasury Services (USA) and working with senior management in Europe and America, you will be responsible for the implementation and enhancement of Corporate Cash Management policies and procedures including: forecasting, analysis and reporting; subsidiary cash mobilisation — investments, borrowings and collections; and banking relations and services. The position will also require liaison with US Cash Manager for foreign exchange reporting and analysis.

You should hold a degree or equivalent business qualification and have several years experience with Banks, Financial Institutions or Corporate Treasury Departments.

Above all for this important position candidates, male or female, should have a good commercial approach and positive personal qualities.

Excellent career and personal development opportunities exist, and the package includes share participation scheme, free BUPA, pension & life assurance scheme, and relocation assistance where appropriate.

Write enclosing full personal and career details to:
John Attenborough, European Resourcing Manager,
PRIME Europe, 6 Lampton Road, HOUNSLOW, Middlesex. Tel: 01-570 8555

PRIME

GENERAL MANAGER
NEW OFFSHORE BANK

New offshore bank in the Turks and Caicos Islands (just south-east of Nassau), British West Indies, needs a general manager. The applicant should have experience in offshore banking, preferably in the Caribbean or Switzerland. Good basic compensation plus attractive fringe benefits for the right candidate. The bank is owned by a leading regional bank in the USA and a private foreign shipping group.

Write in total confidence to and include complete resume.

Box A.7586, Financial Times
10 Cannon Street, EC4P 4BY

COMPTROLLER
BERMUDA
INTERNATIONAL REINSURANCE

Circa $30,000 tax free and substantial benefits and incentives

Walton Insurance Limited, a subsidiary of Phillips Petroleum, requires a highly competent accountant with management skills and international reinsurance experience. This position carries full responsibility for the accounting function and the preparation of financial reports. Advanced computer techniques and a departmental staff of nine are employed to process substantial transaction volumes.

The successful candidate, preferably aged 28/35, will be a chartered accountant or certified public accountant with at least three years' experience in international reinsurance.

The company uses sophisticated EDP systems and thus previous exposure as a user of computer-based information is highly desirable.

Candidates should write in confidence with precise career details to:

John S. Kemp, Vice-President and Treasurer
P.O. Box 1833, Hamilton, Bermuda

Investment Management

HONG KONG

Bank of America is seeking an experienced professional to head its International Portfolio Management activities in the Far East. The position is based in Hong Kong and requires some travel in South East Asia to meet with both private and institutional clients.

The individual selected will participate actively in developing investment strategies for the Bank's worldwide clientele while being specifically responsible for management of South East Asian client portfolios. The successful candidate should have a thorough knowledge of investment markets, preferably both equity and fixed income.

An attractive package will reflect the importance of the position.

Please reply in the strictest confidence to:

The Director
International Investment Management Services

BANK OF AMERICA
NT & SA

St. Helen's, One Undershaft, London EC3A 8HN

Finance Manager

c.25,000 U.S. Dollars + Substantial Benefits
Lusaka, Zambia.

To manage the whole finance aspect of the 300 strong Zambian subsidiary of a U.S. based multi-national engaged in bottling and distribution of soft drinks. Reporting to the General Manager, and with functional responsibility to Divisional and HQ finance management, the successful candidate will advise on financial matters and manage treasury, accounting and budgeting aspects. Candidates should be mature, qualified accountants with strong supervisory capability who have gained relevant experience in a manufacturing environment. Preference will be given to applicants with previous overseas experience. The post is available on married or single status terms but is not considered suitable for candidates with school-aged children.

The basic salary is negotiable plus substantial expatriate benefits.

Write, enclosing full CV, to Susan Lewis, PER, Sun Alliance House, Oxford Road, Reading, Berks. RG1 7LU.

Applications are welcome from both men and women

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For your next senior management position

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EXECUTIVE GRAPEVINE LIMITED
87 Jermyn Street, London SW1Y 6JD
Tel: 01-930 2953

The Inter-Governmental Maritime Consultative Organization (IMCO), a specialized agency of the United Nations, requires

HEAD ACCOUNTS UNIT

at its London Headquarters

Main duties include preparation and maintenance of accounting records; verification of ledgers and accounting operations; preparation of journal vouchers; reconciliation of receivable and payable accounts and of bank statements; maintaining investment accounts and compiling reports on investment of funds and interest earned; drafting correspondence and supervising staff.

Several years of relevant experience and knowledge of computerized accounting are essential prerequisites together with, as a minimum, an intermediate qualification from a recognized institute of accounts. The incumbent must have the ability to direct and supervise staff and to work independently under general guidance combined with initiative, accuracy and attention to detail. Excellent English is required; knowledge of French would be an advantage.

Starting salary £7,444 net per annum (free of UK income tax) and attractive benefits including six weeks annual leave.

Applications in writing, with details of age, education and career to: Head of Personnel, IMCO, 101-104 Piccadilly, London W1V 0AE.

CUT THIS OUT

If you are a Senior Executive you may need it one day, the day you suspect your job is at risk. The sooner you come to us the sooner you will be back in a new and probably better job (89% of our clients get higher salaries in their new jobs).

If it has happened already contact us without delay. No-one can help you better than Europe's most experienced (12 years') Executive Re-deployment organisation.

We specialise in probing the unpublished job market (50% of our clients take up unadvertised posts).

Enquire how your employer can include Outplacement services in your severance arrangements.

For a review of your career potential in the current market telephone for a meeting with one of our Senior Counsellors.

Percy COUTTS & CO. LTD.
01-839 2271
140 Grand Buildings, Trafalgar Square, London WC2N 5EP.

Management Accountant

London EC4 — **to £11,000**

Our client, an international news agency employing 70 staff at Head Office, requires a recently qualified Chartered Accountant to work closely with the Managing Director in the newly created role of Management Accountant. The successful candidate, who will be an important member of the senior management team, will be responsible for introducing a sophisticated system of budgetary control, monitoring costs and becoming generally involved in all aspects of a commercial nature. Applicants, male/female, who are seeking to join an expanding organisation which offers an interesting long-term career will find this position both challenging and rewarding. Ref. 1199/FT. Apply to R. P. Carpenter, FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel. 01-636 0761.

Phillips & Carpenter
Selection Consultants

Foreign Exchange Dealers

Due to the expansion of the London branch dealing room, we are seeking foreign exchange dealers who have a minimum of three years' experience in Spot, Forward and Arbitrage dealing. Experience in an active dealing environment is essential.

Competitive salaries and benefits are offered for these positions.

If you wish to apply, please write with full salary and career details to: Teresa Andrews, Marine Midland Bank NA, 34 Moorgate, London EC2R 6JR.

MARINE MIDLAND BANK, N.A.

M.W. Marshall (Sterling) Limited

have vacancies for experienced Interbank, Commercial and Local Authority brokers. Excellent salary and conditions of employment are offered to suitable applicants.

Applications in writing will be treated in confidence and should be addressed to: Staff Director, M.W. Marshall (Sterling) Limited, 52 Cannon Street, London EC4N 6LU.

A Member of the Mercantile House Group

Investment Specialist

US Equity Market—based London
£10,000-£15,000

This post will interest ambitious men or women who, in their late 20s-early 30s, have a thorough working knowledge of the U.S. equity market based on at least 2 years' successful trading.

ITIB Services Limited is the investment advisory arm of a major international financial institution. As such, it has very substantial asset backing; but is building its own successful business through a compact, entrepreneurial and hardworking team which has equipped itself with the most advanced computer and communications facilities.

The new specialist will advise on and trade in U.S. equities on behalf of a growing portfolio of corporate and individual investors. The right person will be practical rather than theoretical in approach, with an educated eye for opportunities based on sound commercial judgment. He or she can expect to progress and broaden out rapidly in this fast expanding company whose dealings include gems, bonds, commodities and currencies.

In addition to the negotiable salary, there is a valuable benefits package and excellent conditions of employment.

Please write with full personal and career details to:
The General Manager, ITIB Services Limited,
2 Albert Gate, London SW1.

SENIOR FX DEALER — **c£20,000**
Major International trading company seeks FX Dealer with approximately 10 years experience to assume responsibility for Interbank trading activities within their recently established City office.

LENDING OFFICERS — **c£10,500**
Due to expansion a major International bank has vacancies for two Lending Officers to assume positions at A.V.P. level within the UK and Energy groups. Applications are invited from graduates with strong analytical skills, formal U.S. credit training and a degree of marketing exposure.

BULLION SETTLEMENTS — **£7,000+**
Vacancy exists within major International trading company for back-up clerk fully conversant with all aspects relating to a Bullion trading operation.

Please contact Stephen Lawson on the number below.

CHARTERHOUSE APPOINTMENTS 01-623 6083
21 Royal Exchange, Threadneedle Street, London EC3
Commodities Div: Europe Ho, World Trade Centre, London E1 01-481 3188

CHARTERED ACCOUNTANT

FOR ESTATE AGENCY PRACTICE

Dynamic practice with a consistent track record of expansion wishes to appoint an Accountant. The successful applicant will be a chartered or certified accountant with initiative, commercial awareness and creative flair. He/she will have responsibility for the day to day operation of a small accounts department, the production of regular accounts and statistical and management information. Salary £11,000 + car.

Reply in strictest confidence to:
Bernard Finniston, Leslie Linott & Associates
18 Seymour Street, London W1

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COUNTY BANK

Corporate Finance

Manchester

County Bank requires a senior executive able to make a significant contribution to its expanding corporate advisory business in Manchester.

The successful candidate will probably be a qualified accountant or lawyer and will have had direct experience in Corporate Finance work in Manchester or elsewhere.

The successful applicant who will be aged between 28 and 35, will be offered an attractive salary, car and appropriate benefits package coupled with excellent prospects. Relocation expenses will be paid, if necessary.

Applications, with a concise curriculum vitae, should be sent in strictest confidence to:

M. F. Forrester
Assistant Director (Personnel)
County Bank Limited
11 Old Broad Street
London EC2N 1BB

A member of the National Westminster Bank Group

MEPC

require a

Project Manager

to become a member of a team responsible for an extensive and continuing commercial development programme in the UK.

Applicants (male or female) should be Chartered Surveyors and have at least 3 years post qualification experience which should include involvement in development work.

The remuneration package which will include a motor car and the usual company benefits will reflect the importance of the position.

Apply:
Mr Alan Pearson, Development Manager,
MEPC LIMITED,
113, Park Lane, London W1Y 4AY.
Tel: 01-491 5312.

LIBRARIAN

We are a large firm of Stockbrokers with modern offices in London Wall. We are seeking a Librarian with some supervisory experience. The ideal candidate will be aged 25 or over.

We offer a competitive salary, bonus, £1 per day luncheon vouchers, 4 weeks' annual holiday, contributory pension scheme and annual season ticket loan from the commencement date. This year's holiday arrangements will be honoured.

Please apply in writing with details of previous experience to:
A. G. Wright, Staff Manager
PHILLIPS & DREW
Lee House, London Wall, London EC2Y 5AP

Accountant/Company Secretary Designate

required by private retail jewellery group

Responsibilities to include all internal auditing and supervision of purchase ledger. Computer experience essential as whole stock and accounts system is operated by an I.B.M. System 34.

Must have at least 5 years post graduate experience. Salary £10,000 p.a. to commence. Company car after 12 months. 4 weeks paid holiday. Annual salary review.

Age 30-40.

Apply in writing to:
Mr. R. Hunnisett
D. RUSSELL (LONDON) LTD
Russell House, Bentalls, Pipps Hill, Basildon, Essex

Management Opportunity

Corporate Audit

Frankfurt Based — **Circa DM 70,000**

This challenging position has arisen due to promotion within a two billion dollar U.S. multi-national group. Responsibility is to the Audit Manager for the planning and reviewing of FINANCIAL and OPERATIONS AUDITS on finance, marketing, personnel and production control; SYSTEMS AUDITS using in-house designed audit packages; and LIMITED REVIEW AUDITS.

Approximately 50% of the year will be Frankfurt based with the remainder split between Scandinavia, Belgium, Holland, Italy and Switzerland.

Promotional opportunities to senior financial management are excellent.

You will be an ACA aged up to 32 with a good working knowledge of German or Swedish and sound experience gained either within a top professional practice or corporate audit function. Self-motivation, social awareness and the ability to succeed are the essential qualities required in this demanding but fulfilling role.

Telephone or write in confidence to M.J.R. Chapman quoting Ref: 5239.

Lloyd Chapman Associates
123, New Bond Street, London W1Y 0HR 01-499 7761

Director's Assistant

£10,500 plus

The company, a Lloyds broker, provides a wide range of reinsurance services throughout the world. It is highly profitable, is expanding and its modern business style is controlled by a dynamic management team.

We are looking for a well-educated young person – under 30 – a graduate and/or with a professional qualification; preferably with a degree in Business Administration. Reporting to, and working closely with the Finance Director, your duties will vary from appraising operating systems to conducting feasibility studies on selected companies. Previous insurance experience is not a pre-requisite for this appointment. There will be some travel to the States and to Europe. An additional language would be useful.

This is an opportunity not to be missed – but you must be energetic, personable and with the ambition to accept greater responsibility in the future. The company occupies prestigious offices in the City of London – fringe benefits are excellent.

Please write, quoting ref. 311, to D.B. Atkins, Director.

Alliance Management Consultants Ltd.,
15 Borough High Street, London SE1 9SH
Tel: 01-403 0894 (24 hours)

Alliance
Management Search Division

Financial Controller

London

A well-established firm of wine and spirit shippers, the European arm of a major international company, as a result of internal promotion require someone to take full responsibility for their accounting and administration functions.

Applicants will be qualified accountants with extensive experience of accounting procedures. Knowledge of the wine trade would be advantageous though not essential.

They are offering an attractive 5 figure salary together with fringe benefits normally associated with a company of their stature.

This is an outstanding management opportunity demanding well developed personal qualifications.

Please telephone or write quoting reference 2307 to:

Guy Redmayne & Partners,
Recruitment Consultants,
18 Grosvenor Street, London W1X 9FD Tel: 409 0358

Guy Redmayne & Partners

Institutional Sales

Stockbrokers — **£10-£15,000 + bonus**

Due to the expansion of its institutional equity business, a well-established firm of City Stockbrokers is seeking an additional Sales Executive.

The successful applicant will already have some experience in this field and will be expected to service both overseas and domestic clients. The position is likely to involve some foreign travel and a European language would be an advantage. Prospects for advancement are excellent.

Please contact Phillipa Rose on 01-628 9763

Philippa Rose & Partners
23 Wormwood Street, London, EC2

PARTNERS ASSISTANT

Age 23-25 to work for an investment company. Must have stockbroking experience. Able to write reports on portfolios and assist Fund Managers, and attend conferences and seminars.

Salary £6,000 plus bonus

PRIVATE CLIENT CO-ORDINATOR

to work for a City Pension Fund. Applicants should ideally be 35+ and have a stockbroking background within a private client department.

Salary £7,000 plus bonus.
Free life insurance and BUPA plus four weeks holiday.
All enquiries will be treated in the strictest confidence

EVANS EMPLOYMENT AGENCY LTD
Throgmorton Street, London EC2
01-628 0985 — Pauline Dudley or Sandra Johnson

JOBS COLUMN

Economists · Finance · Closed government

BY MICHAEL DIXON

"IF ECONOMISTS could managed to get themselves thought of as humble, competent people on a level with dentists, that would be splendid."

It is just half a century since that hope was expressed by John Maynard Keynes. But there has been little sign of his wishes being fulfilled by his followers in the economics profession.

True, there were a few economics crises around the mid-1970s during which Government Ministers showed a strange preoccupation with dental matters. When industry was threatened by power-cuts, Statesmen exhorted us to clean our teeth in the dark. Came a drought, and we were urged to clean our teeth in a cupful of water. One would-be patriot wrote to the Press saying that if he could be assured it would aid economic recovery, he would *gladly have all his teeth out.*

But the Ministerial obsession with oral hygiene lasted for only a brief period. Nor is there a shred of evidence that it was a policy recommended by governmental economics advisers. So it certainly cannot be concluded that economists have made any deliberate attempt to become publicly viewed as working on a level with dentists.

They have, on the other hand, managedt o get themselves widely thought of as having bred on a level with rabbits. And this in itself may at last be pushing economists towards the occupational status thought desirable by Keynes. For it is perhaps the headlong growth of their profession over the past 15 or so years of economic decline in Britain at least, which accounts for a development just reported to the Jobs Column by the Society of Business Economists.

It seems that surveys of the society's members have revealed that a still small but increasing number are leaving the shleter of full-time employment in large public- or private-sector organisations and are setting themselves up, not unlike dentists, in professional practice on their own.

The society's main reason for reporting same is that it feels this column may be read by heads of concerns which, while too small or perchance too sane to employ an economist full-time, may have work for one on an occasional basis. If so, the society wants such employers to know that it has produced a Register of Free Lance Economists; obtainable from 11, Bay Tree Walk, Watford, Herts WD1 3RX; telephone Watford 37287.

I would, however, warn the inexperienced that unless they hire economists strictly one at a time, they are liable to end up with mutually contradicting opinions. The swelling of the profession appears to have brought into play an aspect of the law of averages which has led me to formulate a new hypothesis. It is that any given number of economists will split into two approximately equal, opposed camps over any given issue at any given moment.

Admittedly time has not yet allowed this to be tested rigorously. But the initial prospects seem good. Take for instance the fact that in March 364 members of the profession declared themselves in opposition to the British Government's economic policy.

From that, the hypothesis would conclude there must be at least 728 professional economists in the country. Which I suspect may well be right.

Choice of two

NOW TO a brace of financial directorships distinctly different in character being offered by Sir John Trelawny of Korn/Ferry International. Both are *based in London*, but in neither case may he name the company. He therefore promises that any applicant who so requests will not be named to the prospective employer without specific permission.

The first job is with a group which has a turnover of about £250m from retailing electrical goods through roughly 500 outlets. It is profitable, but is planning to reshape itself into a holding company with profit-centre subsidiaries.

Joining as financial director designate, the recruit will have the initial task of organising systems of financial control and reporting to suit the new group structure, and of developing coherent financial planning procedures covering treasury work, taxation and funding.

Development of appropriately skilled financial staff, including a group of qualified accountants at head office, will also be a responsibility.

Subsequently the newcomer will take charge of management services as well, working through the manager controlling a central computer department, administrative work, and an organisation and methods section.

Candidates should be qualified accountants, dab hands at developing and controlling financial and management reporting systems, fully familiar with the kind of organisational shape which the group wants to assume, and with experience in service industry if not specifically in multiple retailing.

Since the recruit is expected quickly to earn a seat on the main board, applicants should also be used to working closely with top management and able to deal smoothly with external VIPs such as bankers.

Salary indicator is at least £25,000, with a car among the perks.

By contrast, Korn/Ferry's second offer is a "turn-around" job on the main Board of an engineering group which has fallen into difficulty. Manufacturing mainly capital equipment with much use of advanced technology, it has plants in the United Kingdom and overseas and its various trading groups serve markets throughout the world.

The prime task for the incoming director, who will be responsible to the group's chief executive, is to put the organisation on a new, sound financial footing and enable it to take full advantage in future of the financial opportunities open to international companies.

Although having responsibility for the full range of financial management throughout the group, the recruit will be supported by a financial controller and staff who will look after the day-to-day concerns. As a result, the director will be able to concentrate on working with other senior colleagues and the group's financial advisers and bankers to devise the required financial policy and put it into effect.

The only essential qualification here is demonstrable ability to take the financial lead in revitalising a manufacturing concern in the £200m-turnover range, which of course puts a premium not only on technical skill but also on personality and reputation in financial quarters. Age does not much matter, but the group thinks someone within 10 years of retirement might fit the role better than a younger person.

Salary indicator is around £40,000, with other benefits negotiable.

Inquiries in either case to Sir John Trelawny at 2-4, King St, St James's, London SW1Y 6QL; tel. 01-930 5524, telex 914860.

Black day

THIS IS a bad day for the cause of open government in the UK. It is about to be let down by one of its champions—the House of Commons select committee on education.

It is one of several committees formed by Parliament specifically to keep watch on the public's behalf on the doings of Ministers and mandarins, who seem to do their best to frustrate the committees' inquiries.

But the committee on education has stuck to its task until today, when for the first time it will ban the Press and other members of the electorate from its examination of a public body.

This is the University Grants Committee which directly and indirectly distributes among individual universities well over £1bn of taxpayers' funds a year.

While the criteria by which it does so are a legitimate public concern, the UGC insists on keeping them hidden. And the Members of Parliament who prate much of their pride in public service are meekly bowing to the unaccountable academic quango's unwarrantable secretiveness. It is a scandal.

Private Clients Investment Management

Kleinwort Benson Investment Management Limited is looking for an Investment Assistant to join the Private Clients Section.

The successful candidate is likely to be aged 23-27. He/she must be able to communicate effectively with private clients both in writing and verbally, and have not less than two years' investment experience, preferably international, together with a knowledge of portfolio management and research analysis.

The appointment will offer a competitive remuneration package together with the opportunity to move into portfolio management.

Applications with curriculum vitae should be addressed to: P. E. G. Barnes, Assistant Director, Personnel, Kleinwort, Benson Limited, 20 Fenchurch Street, London, EC3P 3DB.

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The continuing growth of Cubie Wood, together with a recent decision to develop actuarial teams at regional offices around the country, has resulted in a need for several additional staff. As well as our normal graduate intake we wish to recruit experienced students who are well advanced with the examinations of The Institute or Faculty.

Our principal work is to make available to our clients actuarial advice on all aspects of pension funds including valuations and *investment monitoring*. The mature students we seek must be self-motivated with the ability to communicate well at all levels. There are very good prospects indeed for those who are prepared to work hard and develop their experience in the wider aspects of pension schemes.

A competitive salary will be backed-up by excellent company benefits, including non-contributory pension, mortgage subsidy, BUPA and generous study leave.

Please write or telephone for an application form to: Kevin Spring, Personnel Manager, Cubie Wood & Company Limited, PO Box 144, Norfolk House, Wellesley Road, Croydon, Surrey CR9 3EB. Tel. 01-686 2466.

Cubie Wood & Company Limited

This advertisement is featured on page 599076 of Prestel

Newly Qualified/Finalist

Banking

City **£11,000-£12,000**

One of the largest and most prestigious banking groups in the UK wishes to appoint a young accountant to the corporate staff. The group offers the complete range of banking and related services through reporting units in various parts of the world.

The position offers an unusual career opportunity with excellent scope for promotion within the organisation. Responsibilities will embrace the consolidation of some thirty reporting units and CCA, along with a range of ad hoc assignments including exposure to EEC and USA reporting requirements.

Candidates should be recently qualified accountants or finalists with the intellectual and personal qualities required to progress within a major City institution. The salary is for negotiation; additionally there will be a mortgage facility after a qualifying period.

For an application form, telephone 01-236 3561 (24 hour service), or write, in confidence, to M. J. H. Coney, Executive Selection Division, quoting reference No. 1295/L.

Peat, Marwick, Mitchell & Co.

Executive Selection Division, 165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.

Chief Charity Commissioner

£23,125

The Charities Act 1960 provides that the Charity Commissioners shall promote the effective use of charitable resources by encouraging the development of better methods of administration, by giving charity trustees information or advice on any matter affecting the charity and by investigating and checking abuses. The Chief Commissioner, together with two other Charity Commissioners, exercises a quasi judicial function in applying charity law and determining applications for registration as charities.

The Chief Commissioner, who is based in London, is also the Accounting Officer and has ultimate responsibility for all financial and establishment matters relating to the Commission's staff of some 330. The person appointed must have a high degree of administrative and managerial ability, preferably with administrative and financial experience in Government or other public bodies. Candidates should be legally qualified or have experience of working with lawyers at senior level and should preferably be aged between 45 and 55.

The successful candidate will be expected to take up the appointment in March 1982.

The present salary is £23,125 (under review) including London Weighting allowance. Normal retirement age for the post, which is permanent and pensionable, is 60.

For further information and an application form (to be returned by 28 August 1981) write to the Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 68551 (*answering service operates outside office hours*).

Please quote ref: G/5589/2.

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The main objectives will be to develop and implement an effective management information system; to train and develop staff; and to contribute, as a key member of a small management team, to the decision-making process.

Applicants should be qualified accountants (ACA, ACCA, ACMA) in the 30-50 age range with relevant experience in a manufacturing company.

Please send a comprehensive career résumé, including salary history, quoting ref. 2013 to G. J. Perkins.

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Hoare Govett is increasing its coverage of the Capital Goods sector and will be recruiting an experienced Engineering analyst to join an established team which is well respected both by industry and the investment institutions. Hoare Govett already has a significant share of the market in Engineering stocks.

Starting salary will be competitive and there are excellent prospects for further advancement. Applications which will be treated in confidence, should be sent to :

R.D. Cowell
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A major City Merchant Bank and Accepting House has retained us to advise them on the appointment of experienced Investment Managers. The positions call for thorough knowledge of U.K. Equity Investment which should be supplemented by expertise in the U.S. market. A balanced spread of institutional portfolios will be managed to maximise existing experience.

A positive personality is required and candidates are expected to be of board level calibre.

Team work is expected to draw on the considerable recourses available within the organisation.

Age group 28-37. A very attractive remuneration package can be negotiated in the right circumstances.

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Sardinia House, 52 Lincoln's Inn Fields, London WC2A 3LZ

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This appointment is open to men and women.

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Company Secretary designate

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For further information (in the strictest mutual confidence) please contact our Managing Director, Mr. D. R. Whately. His private telephone number is 01-623 9227. The reference is 525.

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WPL

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In addition to the normal excellent remuneration package to be expected of such an institution, this represents a particularly exciting opportunity to use your skills and experience to make a major contribution to the further success of the organisation. Career opportunities are excellent.

Please telephone, or send a detailed Curriculum Vitae to, Brian Gooch

Jonathan Wren & Co Ltd
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Telephone: 01-623 1266

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(to be based in London)

Due to our much increased trading in International Securities and greater research coverage of overseas companies we wish to recruit a highly professional International Trader.

Ideally candidates will have several years' experience and be well established in trading in overseas markets, especially within Europe. Expertise in the U.S., the Far East and elsewhere would be advantageous.

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Mrs. E. H. Kirkham, Ref: 15025/FT. Male or female candidates should telephone in confidence for a Personal History Form 01-734 6852,
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Suitably experienced operations officer required by a European bank to manage and control its accounting and computer systems in addition to some administrative duties.

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An expanding progressive banking institution has an opportunity for a manager to run one of its London branches and to act in a marketing role to develop further business. Applicants should be qualified bankers with a clearing bank background, age late 20s.

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The Fairey Group consists of eight autonomous companies operating from nine sites in the U.K. and Holland, and with a marketing company in Washington D.C. The Group produces a wide variety of engineering products with a strong emphasis on high technology.

Fairey was acquired by Doulton & Co. about a year ago. They are currently trading profitably and sales turnover is approximately £60m. with a high export content. Several aspects of the business offer excellent growth prospects in the medium term.

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You will gain excellent experience in US and UK reporting techniques and the preparation of group financial statements. The Head Office operates an integrated financial/management accounting and reporting system utilising sophisticated computerised facilities.

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This position offers excellent prospects for career development and potential high earnings, including a share of profits, pension scheme, B.U.P.A.; and the possibility of a company car.

Please send brief personal and career details, in confidence, to Douglas G. Mizon (ref. 381M) at the address below.

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COMMERCIAL LAWYERS

Coward Chance are looking for qualified commercial lawyers of the highest calibre in order to expand their team specialising in international finance.

The work covers all aspects of Eurocurrency banking and applications are invited from assistant solicitors currently practising in this field whose experience will be given full recognition but who will be expected to take a high degree of responsibility.

In addition applications would be considered from outstanding candidates having a general company/commercial background but no previous experience in this field.

Please write with full c.v. to **M.C.C. Mogridge, Coward Chance, Royex House, Aldermanbury Square, London EC2V 7LD.**

COWARD CHANCE

Chief Executive

Halfords Group Limited

Near Redditch, Worcestershire — c. £30,000 + car and benefits

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Reporting to Burmah's Main Board, the Chief Executive will be responsible for the strategic management of existing Halfords group companies; and for the development of the group's activities via further profitable investment in new operations and/or acquisitions in the UK and overseas.

Essential for this job are wide and successful commercial experience at a senior level in general management, covering the creation and implementation of policy in a substantial multiple retailing, wholesaling and distribution business; and the personal skills to win confidence and to generate enthusiasm within the Halfords group and to represent the group effectively in all spheres of relevant commercial activity.

If you can show significant business achievement in the areas mentioned above, you are invited to write, giving your CV, to:
D R Holmes, Manpower Manager, Burmah Oil Trading Limited, Burmah House,
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Burmah

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£13,500 c. - full range of benefits

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- Accessibility to all sources of business.
- A chance to work with a closely knit team.
- A direct share in the profits created.

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WORLD STOCK MARKETS

Modest early Wall St rally

HELPED BY more of the bargain hunting which was seen late on Tuesday, Wall Street showed a slight bias to higher levels in active early trading yesterday, after the recent sharp fall.

The Dow Jones Industrial Average, after a two-day fall of 24 points, was 1.23 firmer at 935.69 at 1 pm. The NYSE All Common Index picked up 22 cents to $74.81, while advances held a six-to-five ratio lead over declines. Turnover came to 32.74m shares, almost matching Tuesday's 1 pm level of 33.05m.

Analysts said some firming was expected following the rapid sell-off at the beginning of the week.

The market gained some support from news that the Gross National Product fell at an annual rate of 1.9 per cent in the second-quarter and inflation slowed to six per cent from 9.8 per cent in the first-quarter. This could take some upward pressure off the high interest rates, analysts added.

Technology stocks benefited from bargain hunting. Tandy improved ⅞ to $32⅞, Compugraphic to $25½, Itek 1½ to $30⅞, Midel ⅞ to $31 and Datapoint 1⅝ to $51⅞. Storage Technology rose ½ to $28.

On the actives list, Conoco shed ⅛ to $84⅜, Amerada Hess 1⅞ to $33½ and Cities Service 2⅜ to $56⅜.

Smithkline, which raised its dividend, gained $1 to $71½. NL Industries added 1½ at $40 on higher earnings, and Union Pacific, which reported higher profits on Tuesday, climbed 1½ to $61½.

Marathon Oil fell 1⅞ to $68⅞, Fieldcrest 2⅜ to $25½ and Wheelabrator-Frye 1½ to $46⅞.

THE AMERICAN SE Market Value Index rebounded 3.85 to 366.82 at 1 pm. Volume 2.98m shares (2.97m).

Closing prices for North America were not available for this edition.

Canada

Also following a two-day fall, most sector indices on Canadian markets were higher at mid-day yesterday, although overall share price declines slightly outscored gains. The Toronto Composite index recovered 14.6 to 2,366.2 at noon, while Golds put on 87.4 to 4,062.7 and Oil and Gas 70.2 to 5,099.0.

Tokyo

Shares tended to lose further ground initially, reflecting the fresh overnight Wall Street easiness, the yen's further fall against the U.S. dollar and the continuing U.S. Government's hard line regarding high U.S. interest rates. Scattered bargain hunting brought some relief later in the session, but trading was slow with many investors awaiting foreign exchange developments.

The Nikkei - Dow Jones Average, having fallen some 120 points over the past two days, managed a slight gain of 4.08 on the day at 7,760.84. The Tokyo SE index picked up 0.16 to 587.77, but declines still led rises at the close by 339 to 247 on the First Market section. Volume decreased to 320m shares (430m).

One broker said he thought this week could prove to be a period of consolidation for the market, after which renewed foreign investment would send prices higher.

Securities Houses and selected Appliance concerns rebounded, as did some major exporters such as Sony, Ricoh, Hitachi and Minolta, on expectations that the stronger dollar would boost their yen-dominated earnings.

Motors advanced. A broker said there wasn't any particular news to brighten their outlook, but the market seems to feel that they have languished long enough and will not fall further, making their current levels attractive. Motor Parts concerns were selectively better. Fuji Heavy Industries and some other defence-related shares performed well.

Honda Motor put on Y40 to Y1,140, Nissan Motors Y30 to Y1,060, Ajinomoto Y11 to Y910, Nikko Securities Y34 to Y515 and Daiwa Securities Y11 to Y493, while Matsushita Communication gained Y80 to Y3,250, Minolta Y12 to Y880 and Ricoh Y12 to Y997.

Germany

Bourse prices were broadly higher, with a wave of foreign purchasing buoying the market in brisk trading. The Commerzbank index moved ahead 7.9 to 732.7.

Brokers said that Chemical and Bank shares, neglected in recent weeks, benefited sharply from the rise in foreign investor interest, while Engineerings were further boosted.

In the Chemicals sector, BASF climbed DM 4.10 and Hoechst DM 2.20, while Commerzbank rose DM 3.50. Engineerings had Linde DM 7 higher and KHD DM6 stronger. Daimler, up DM 5.50, led Motros ahead.

Domestic investors continued to favour Preussag on its strong profits potential. The shares ended DM 2.80 firmer at DM 192, after DM 194, for a rise so far this week of DM 15.20.

Paris

The recent strong rally ran out of steam yesterday, although prices ended mixed to firmer.

Traders said the reason behind the cooler sentiment was partly technical, in tha operators were adjusting their positions ahead of the new monthly account which begins tomorrow. The market had generally anticipated the 0.3 per cent reduction in French banks' basic lending rates, announced Tuesday afternoon.

Milan

The recent downward trend in share prices became much more pronounced yesterday, with Bank issues dragging the rest of the list down. The Banca Commerciale Italiana index fell 12.22 to 182.39.

There was only a modest increase in trading activity from Tuesday's subdued level. A broker commented that "the drop was nearly vertical as sales were not accompanied by any relevant demand." Brokers reported that several leading shares were suspended when losses quickly surpassed 20 per cent.

Australia

Markets further weakened over a wide front, with many key Resources issues falling to their lowest levels of the year. The All Ordinaries index shed 11.7 more to 44.8, just 3.7 points above its low for the year.

The Oil sector index fell 27.3 to a year's low of 793.6 following news that the Canning Basin well, Orange Pool No. 1, had been abandoned as a dry hole.

Failure of the well, designed to prove up the Blina oil strike, saw Vamgas decline 30 cents to A$12.40, while Petroleum Securities slipped 40 cents to A$5.80.

Hong Kong

The market closed the short Wednesday session little changed after recouping an early decline.

Initially, continued nervousness over the possibility of further rises in local Prime Rate pushed prices lower, and by mid-morning the Hang Seng index was 25.4 weaker. It ended at 1,732.94, up 0.56 on the day, reflecting a bout of short-covering. The further decline overnight on Wall Street also adversely affected early market sentiment. Trading slackened to a turnover of HK$490.56m on the four exchanges, against Tuesday's HK$776.78m.

Dealers noted some apprehension ahead of an expected statement by Financial Secretary John Bremridge on the implications for the economy of the continuing fall in the Hong Kong dollar.

Indices

NEW YORK —DOW JONES

	July 21	July 20	July 17	July 16	July 15	July 14	1981 High	1981 Low	Since Cm'pil't High	Since Cm'pil't Low
♦Industr'ls	934.48	940.54	958.90	955.48	954.15	948.25	1024.05 (27/4)	881.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	59.91	60.07	60.28	60.55	60.52	60.54	65.78 (15/1)	58.37 (7/5)	—	—
Transport.	405.88	403.16	411.40	411.33	407.01	401.10	447.38 (16/4)	379.18 (26/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	106.26	107.16	108.58	108.18	108.54	107.48	117.81 (6/1)	103.98 (5/5)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000-†	47,280	40,240	42,780	38,910	48,360	46,250	—	—	—	—

♦Day's high 944.35 low 927.23

Ind. div. yield %	July 17	July 10	July 3	Year ago (approx)
	5.70	5.72	5.69	5.72

STANDARD AND POORS

	July 21	July 20	July 17	July 16	July 15	July 14	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	144.85	145.91	147.24	147.85	146.61	145.95	157.02 (6/1)	145.35 (8/7)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	128.34	128.72	130.76	131.41	130.25	129.65	138.12 (6/1)	126.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	July 15	July 8	July 1	Year ago (approx)
Ind. div. yield %	4.83	4.90	4.85	4.88
Ind. P/E Ratio	9.31	9.16	9.27	8.02
Long Gov. Bond yield	13.14	13.10	13.27	10.08

N Y.S.E. ALL COMMON

July 21	July 20	July 17	July 16	1981 High	1981 Low
74.59	74.84	75.96	75.70	79.14 (6/1)	72.45 (26/2)

Rises and Falls	July 21	July 20	July 17
Issues Traded	1,862	1,892	1,849
Rises	388	281	781
Falls	1,087	1,304	616
Unchanged	387	307	452
New Highs	5	8	19
New Lows	66	45	15

MONTREAL

	July 21	July 20	July 17	July 16	1981 High	1981 Low
Industrials	386.70	387.30	400.45	402.26	409.56 (27/6)	356.26 (20/2)
Combined	367.16	368.87	372.32	375.10	376.16 (27/6)	339.34 (20/2)
TORONTO Composite	2351.6	2386.2	2588.50	2390.55	2578.8 (10/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Conoco	1,770,100	84⅜	−1⅛	Cities Service	499,000	55	+2⅜
Gr. Wstn. Fin.	733,300	14⅜	+ ⅜	Diam. Sh'rock.	491,900	38⅝	+1⅛
Texasgulf	617,800	55⅝	—	LTV	475,500	21⅞	+1⅛
Texas Intl.	605,800	38	+ ⅞	Exxon	438,000	33½	− ⅛
Tandy	513,900	31⅞	+ ⅞	Southern	432,700	12	− ⅛

	July 22	July 21	July 20	July 17	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	644.8	656.5	666.7	668.2	757.5 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	519.7	551.8	545.4	545.7	735.2 (7/1)	519.7 (22/7)
AUSTRIA Credit Aktien (2/1/62)	58.73	58.71	58.67	58.59	68.45 (6/1)	58.45 (15/7)
BELGIUM Belgian SE (31/12/63)	75.16	(c)	(c)	74.02	88.15 (17/2)	65.53 (16/6)
DENMARK Copenhagen SE (1/1/73)	114.69	114.49	114.31	114.28	118.21 (8/7)	86.66 (2/1)
FRANCE CAC General (29/12/61)	88.9	88.5	85.4	81.4	112.5 (17/3)	77.5 (15/6)
Ind Tendance (31/12/80)	91.8	91.8	88.8	86.3	106.8 (13/5)	76.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	238.25	238.06	235.66	237.38	245.47 (8/7)	215.66 (9/2)
Commerzbank (Dec. 1953)	732.7	724.8	725.8	727.8	749.0 (3/7)	668.4 (16/2)
HOLLAND ANP-CBS General (1970)	91.1	91.5	92.0	92.0	96.2 (24/6)	85.7 (2/1)
ANP-CBS Indust. (1970)	71.4	71.7	72.7	72.7	76.4 (22/6)	62.8 (2/1)
HONG KONG Hang Seng Bank (31/7/64)	1732.94	1732.38	1777.82	1810.20	1810.20 (17/7)	1255.44 (11/3)
ITALY Banca Comm Ital (1972)	182.39	194.61	200.01	205.22	292.05 (5/6)	175.56 (6/1)
JAPAN Dow Average (16/5/49)	7760.84	7756.78	7840.16	7876.89	7925.34 (3/7)	6956.52 (13/3)
Tokyo New SE (4/1/68)	587.77	587.61	593.25	594.97	595.10 (13/7)	495.79 (5/1)
NORWAY Oslo SE (1/1/72)	128.10	124.27	125.38	127.12	127.37 (4/5)	110.34 (3/6)
SINGAPORE Straits Times (1966)	861.10	866.87	877.28	802.61	973.28 (26/6)	659.51 (2/1)
SOUTH AFRICA Gold (1958)	(u)	552.9	577.8	575.7	787.8 (7/1)	475.8 (8/7)
Industrial (1958)	(u)	607.5	609.6	608.4	655.5 (1/5)	557.2 (3/2)
SPAIN Madrid SE (30/12/80)	154.10	152.64	(c)	151.58	141.40 (17/6)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	588.65	585.26	582.66	577.45	591.84 (2/7)	404.17 (20/1)
SWITZERLAND SwissBankCpn. (31/12/58)	286.3	286.7	287.4	288.1	304.2 (2/4)	279.8 (27/5)
WORLD Capital Intl. (1/1/70)	—	160.0	161.0	163.0	162.8 (6/1)	149.3 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500: NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

هكذا من الأصل

Hormones ban 'not enough'

By Larry Klinger in Brussels

CONSUMER protection groups yesterday attacked Tuesday's decision by the EEC Council of Agriculture Ministers to ban the use of only those growth-promotion hormones that are already outlawed in the various European Community member-states.

The EEC's ten Farm Ministers banned on a Community-wide basis those hormones "known to be dangerous to human health" and instructed the European Commission to prepare a scientific report within nine months on the other hormones still in widespread use to promote growth in veal and beef production.

The European Bureau of Consumers Unions yesterday condemned the decision as "no progress," particularly since inspection and control of hormone use will be left in the hands of member-states and therefore "cannot be enforced by the EEC."

The Commission had originally proposed a total ban following an Italian court ruling last autumn banning sales of some baby foods containing veal.

Chicago takes on financial futures trade

By Nancy Dunne in Washington

U.S. TRADING in financial futures sprinted forward this week with the aproval by the Commodity Futures Trading Commission (CFTC) of certificate of deposit futures on the Chicago Board of Trade.

The go-ahead was the second for CD trading here. The New York Futures Exchange (NYFE), which has not been doing well since its inception last autumn, began trading CD's on July 9. Business there has been comparatively brisk, with the new instrument reporting a five-day average of 1,384 a day.

However, it is unlikely that NYFE will be able to maintain its strong head start, according to Mr Lee Rose, publisher of futures industry newsletter. The CFTC is expected to approve a similar *contract for the Chicago* Mercantile Exchange next week, and the two giant Chicago exchanges are expected to dominate the CD show.

Coffee frost fears continue

BY OUR COMMODITIES STAFF

BRAZILIAN FROST *fears were* still rife on the coffee market yesterday resulting in further substantial gains during the day. But a £130 rise in the September London futures position, which had gained £283.50 after the initial frost reports on Tuesday, was not maintained. By the close profit taking had trimmed the price back to £1,167.50 a tonne for a net rise on the day of £21.00.

London dealers said estimates of damage to the 1982-83 crop ranged up to 12m bags of 60 kilos each—equivalent to more than a third of the expected *Brazilian* total and over 14 per cent of the forecast world crop. Damage estimates of this magnitude were treated with extreme caution, however.

Brazilian weather men indicated that further frosts might hit the Brazilian coffee belt in the next three days. But the threatening cold front was still over Argentina and might well turn aside and head out to sea, they added.

The evident reluctance of the market to move ahead too far in spite of the continuing threat may have been influenced by calmer consideration of the basic supply demand situation.

With a bumper 32m-bag Brazilian crop predicted for this season, world export availability is likely to be running well ahead of demand and even a fairly severe frost would only bring the market closer to balance without actually resulting in a shortage.

Depressed prices recently have triggered to cuts totalling 5.6m bags in International Coffee Organisation export quotas for the current season and the present price rise might result in some if not all of this being reinstated.

U.S. Agriculture Department meteorologists said the extent of frost damage to the Brazalian coffee crop appears to be about the same as during the mid-June cold spell, reports Reuter from Washington.

Based on overnight temperature data, it does not look as if the frost was any more severe than the one in mid-June, even though the cold weather extended further north this time.

The meteorologists do not think the damage to the coffee crop will be as extensive as do some Brazilian trade sources, who have said 1982-83 coffee output could fall by up to 20 per cent because of cold weather so far this year.

World cocoa surplus forecasts growing

BY OUR COMMODITIES STAFF

THE WORLD cocoa supply-demand situation remains "obstinately bearish," says London merchant Gill and Duffus in its latest market report.

It raised its estimate of the 1980/81 crop surplus to 75,000 tonnes from 70,000 in its May report and said it saw no reason to expect anything other than a further surplus in the 1981/82 season.

If its 1980/81 forecast proves correct the cumulative surplus over the past four seasons will amount to 388,000 tonnes.

But prices, currently depressed, could rise if the new International Cocoa Agreement comes into effect. This would depend on the Ivory Coast, the world's biggest producer, dropping its objections to the pact. The floor price of 110 cents a pound set under the pact could be achieved and defended, Gill and Duffus says. This would represent a substantial gain from the ruling world market level of around 94 cents a pound.

If the pact does not come into effect, however, "recent market lows could be challenged

There are good prospects even surpassing this season's estimated record of 1.616m tonnes could be reached in 1981-1982, it says. Investment in new plantings is being reduced in response to low prices but the world's cocoa tree stock is such that only very poor yields or some exceptional disaster can prevent a further world crop increase.

Tin at 15-month high

By Our Commodities Staff

CONTINUED SPECULATIVE buying resulted in still further gains on the tin market yesterday. Cash metal advanced another £185 to a 15-month high of £7,655 a tonne taking the rise in the past seven trading days to £965 a tonne.

Much of the recent rise has been due to buying from a single source which was active again yesterday, dealers said. Buying was still fairly general but more cautious traders had begun profit-taking, they noted. This tended to restrain the rise.

Other metals also rose on the London metal exchange, but much more modestly.

Copper trading tended to reflect currency considerations but the market was also steadied by light covering orders from the Continent and Japan. At the close cash copper wirebars were quoted at £903.50 a tonne, up £3 on the day.

Speculative buying lifted lead and zinc prices. Lead closed £5 up to £432.50 a *tonne for cash metal, and* zinc £3 up at £468 a tonne after rumours of a settlement to the Amax dispute in Missouri trimmed values.

More EEC sugar released

By Our Commodities Staff

THE EEC Commission granted export licences covering 99,600 tonnes of white sugar at its weekly export tender in Brussels yesterday. The total, which compares with 68,400 tonnes last week, was somewhat higher than expected. Traders said earlier in the day that they thought between 60,000 and 80,000 tonnes would be released for export out of remaining stocks available for export estimated at around 150,000 tonnes.

The maximum export rebate was set at 14.101 European currency units, *in line with market forecasts.*

On the futures market prices closed down a little on the day in thin trading.

Warning on Windward banana crop quality

BY TONY COZIER IN BARBADOS

THE VERY existence of the banana industry in the Windward Islands is in danger because of the poor quality fruit it is producing, Geest (West Indies) Industries, the British marketing agent, has warned.

In a forthright statement published in Castries, St Lucia, Geest declared: "It is doubtful whether the Windwards banana industry has even faced such an immediate crisis. Its very existence is in danger. Urgent and effective measures to remedy the problems of quality *are now being implemented* and must be maintained if the industry is to survive."

The crisis stems from the poor quality fruit now being exported from the four banana producing islands — Dominica, Grenada, St. Lucia and St. Vincent — and the competition from other soft fruit on the British market.

The banana industry was started in the early 1950s by the British Government which guaranteed a market for the produce. It has developed so that it now provides an average of over 60 per cent of foreign exchange earnings for the four islands with total exports of just under 200,000 tonnes annually.

Hard hit by Hurricane Allen last August, the industry made what Geest terms "a remarkable recovery," so remarkable in fact that the islands were producing more than the Geest shipping line, which has a fortnightly run between Barry (South Wales) and the Caribbean could handle.

This resulted in what Geest has claimed to be "a severe deterioration in quality standards in certain islands."

Geest has bluntly told the growers: "It is impossible for any marketing company to force its customers to accept fruit in such volumes and of such poor quality, resulting in much of the fruit being completely unsaleable on its arrival in Britain."

Many of its largest customers had stated "in the strongest possible terms" their unwillingness to continue to accept Windwards bananas unless the quality standards were rapidly improved, Geest explains.

Malaysian rubber target possible

KUALA LUMPUR — Malaysia's rubber industry should reach the government target of using 300,000 tonnes of natural rubber a year by the end of the decade, the controller of the Malaysian Rubber Research and Development Board (MRRDB) said here.

Tan Sri B. C. Sekhar said in an addresse to a rubber technology and manufacturing seminar that given the industry's recent annual growth rate of 15 per cent the target was realistic and obtainable by 1990.

He added that because of the size of the domestic market Malaysia must aim to develop a large export market for its rubber products.

The industry had expanded fourfold since 1972 and now employed 23,500 workers compared with 8,000 in 1972.
Reuter

AUSTRALIAN GINGER

A root with growth potential

BY A CORRESPONDENT

THE USE of the word "ginger" to denote mettle or vigour has never been more apt than it is today, for the product whose name is often so applied has attained a degree of success on the British market that it has not known before. Australia, as a display of ginger products now in the window of Queensland House in London, exuberantly suggests, is foremost among the beneficiaries.

Since 1975, the Ginger Growers' Co-operative at Buderim, Queensland—the only nook in all that continent where soil and climate are just right for ginger—has been the largest producer of the root, or rhizome, in the world. Some 60 per cent of its output is exported, half of it to the UK. In the past three years its capacity for both growing and processing the ginger has almost doubled, and the heavier tonnages are now beginning to arrive in the UK.

China, where ginger was grown 3,000 years ago for flavourings and medicaments, was the genesis of Australian ginger-growing more than a century ago, but the sophistication of the southern-hemisphere producer has now gone far beyond China's industry.

It is claimed that in the past 10 years more ginger research has been done in Queensland than had previously been accomplished in all history. Within a radius of 40 miles of where it is handled, the entire Australian crop is grown under the supervision of the co-operative which, established by five farmers with capital of £75 in 1941, guarantees the quality and uniformity of supply that are vital for such manufactures as essence, cake, biscuits and confectionery.

The plant is so highly mechanised that, dehydrating about 14 tonnes a day, only two supervisors per shift control its operation 24 hours a day for seven days a week over seven months of the year.

Excellence of production has won its rewards for Australian ginger in the market, which willingly pays the price the co-operative sets each year—and which currently averages in the *UK about £1,500 a tonne.*

Although Britain dominates European consumption of Australian ginger, Holland and Germany are close behind, with Scandinavia coming up fast.

Queensland ginger's commercial tentacles now go far beyond Europe. South Africa and the U.S. are also consuming it in quantity, markets are being opened up in the Middle East and Japan is likely to be an important buyer once production has risen to a level where supplies can be assured. Research is being conducted into the problems of shipping the product in the green or pickled form required by Japan without being damaged by equatorial stresses.

Largely under the marketing dynamism of the co-operative's London agent, Mr Charles Seely, world demand for Queensland ginger had by 1978 become so big that the industry had to expand fast or see competitors step in and grab the premiums that now went with it.

Lands and funds for such expansion, to the tune of about £1.5m, became available and the quantity of ginger leaving the Buderim plantations in 1981 is expected to total some 7,000 tonnes, compared with 4,500 tonnes in 1978. A target of 10,000 tonnes has been set for the next two or three years, which will give the little Queensland community of about 170 farmers a £20m industry where 20 years ago there was nothing.

It is claimed that Queensland is the only place in the world where ginger is produced with all-white labour, the chief alternative sources of dried ginger being Hong Kong, China, Taiwan and Fiji. But the degree to which the farming and processing of it are mechanised, and thus immune to Australia's high wage levels, renders the claim somewhat academic. And the centralisation of production, marketing and distribution ensure the control over quality and supply that is indispensable to users.

Applications for ginger in all its forms—green, dried, ground, brined, syruped, glazed, crystallised, dusted and so on—are increasing as food products and recipes proliferate. To the gingers now shipped from Queensand to a score of countries may in future be added variants that will tax the accommedation in Queensland House's window—and that of the acres which for this plant are so fertile yet finite.

BRITISH COMMODITY MARKETS

BASE METALS

Tin values surged ahead for the seventh successive trading day on the London Metal Exchange as renewed heavy speculative buying lifted three months metal to £7,665 before a close of £7,655—its highest level since April 1980. Lead advanced to £447 in morning trading, also reflecting strong speculative interest, but fell back to close at £435 on rumours of a settlement of the Amax dispute in Missouri. Likewise, Zinc rose to £483 in early trading but eased to close at £478.75 as profit-taking reflected the Amax rumours. Copper edged up at £930.75 in sympathy with initial gains in lead and zinc. Aluminium was finally quoted at £657, after £664, and Nickel at £3,335, after £3,350.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	903-.5	+3	903.4	+5
3 months	930.5-1	+4.5	930.5-1	+4.25
Settlem't	903.5	+3	—	......
Cathodes				
Cash	898-9	-2.5	898-900	+5
3 months	921.5-2	+4	921-2	+5.25
Settlem't	899	+2	—	......
U.S. Prod	—		*80-5	......

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at £904, three months £932, 32.5, 32, 31.5, 32, 31.5, 30, 30.5. Cathodes, cash £898, three months £921.5. Kerb: Wirebars, three months £930, 29, 29.5, 30, 30.5, 31. Afternoon: Wirebars, three months £929, 29.5, 30, 30.5. Cathodes, three months £921. Kerb: Wirebars, three months £930, 30.5. Turnover 22,775 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	443.5	+16.7	432-3	+5
3 months	443-.5	+16.7	432-.5	+4.75
S'ment	443.5	+16.5	—	......
U.S. Spot	—	......	*41	......

Lead—Morning: Cash £443, 43.5, three months £443, 44, 44.5, 45, 46, 47, 48, 45.5, 45, 44.5, 44, 43.5, 43, 42.5, 43, 43.5. Kerb: Three months £443, 42, 41, 40.5, 41, 42. Afternoon: Three months £435, 34, 33, 32, 31, 31.5, 32, 34, 32, 33, 32.5, 32, 31.5, 32, 32.5, 33, 33.5, 3, 2.5. Kerb: Three months £433, 32.5, 33, 33.5, 34, 34.5, 4, 33.5, 34, 35. Turnover: 19,400 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7600-10	+112	7650-60	+185
3 months	7580-5	+150	7650-5	+218
Settlem't	7610	+115	—	......
Standard				
Cash	7600-10	+112	7650-60	+185
3 months	7580-5	+150	7650-5	+218
Settlem't	7610	+115	—	......
Straits E.	‡$32.10	+0.50		......
New York	—	......		

Tin—Morning: Standard, cash £7,620, three months £7,625, 35, 50, 60, 50, 40, 50, 60, 50, 40, 30, 40, 30, 7,580, 90, 85. Kerb: Standard, three months £7,580, 90, 7,600, 10, 20. Afternoon: Standard, three months £7,620, 30, 40, 50, 60, 50, 55, 60, 70, 60, 50. Kerb: Standard, cash £7,690, three months £7,650, 60, 55, 50, 55. Turnover: 3,730 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	469.5-70	+9	467.5-8.5	+3
3 months	479-.5	+9	477-8	+3.25
S'ment	470	+9	—	......
Primw'ts	—	—	*45.5	......

Zinc—Morning: Cash £468.5, 69, 69.5, three months £481, 81.5, 81, 79, 78, 77.5, 78, 78.5, 79. Kerb: Three months £478. Afternoon: Cash £468, three months £478, 76, 75, 76, 77, 78. Kerb: Three months £477, 78, 79. Turnover: 27,300 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	635-7	+5.75	634.5-5	+1.25
3 months	656-7	+5	655.5-6	+2

Aluminium—Morning: Three months £659, 61, 61.5, 62, 63, 64, 63.5, 63, 62, 60, 59, 58.5, 58, 57, 57.5. Kerb: Three months £657, 56. Afternoon: Three months £655, 55.5. Kerb: Three months £655.5, 56, 57. Turnover: 1,075 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3300-10	—30	3325-35	+2.5
3 months	3320-5	—30	3335-8	-15.5

Nickel — Morning: Three months £3,355, 40, 30. Afternoon: Three months £3,335, 36, 38. Turnover: 1,416 tonnes.

† On previous unofficial close.
* Cents per pound. ‡ M$ per kilo.

SILVER

Silver was fixed 5.7p an ounce higher for spot delivery in the London bullion market yesterday at 468.25p. U.S. equivalents of the fixing levels were: spot $8.7, up 15.8c; three-month $9.092, up 15.4c; six-month $9.51, up 16.7c; and 12-month $10.21, up 19.2c. The metal opened at 464-469p ($8.6-$8.7) and closed at 469-474p ($8.77-$8.87).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	468.25p	+5.7	469p	+4.5
3 months	484.05p	+5.9	484.75p	+5.25
6 months	501.15p	+5.9	—	......
12 months	533.55p	+6.9	—	......

LME—Turnover: 135 (138) lots of 10,000 ozs. Morning: Cash untraded three months 486, 85, 84.5. Kerb: Three months 485, 84.5, 85, 85.5. Afternoon: Three months 484.5, 85, 84.5. Kerb: Untraded.

COCOA

Futures opened steadier on further commission house support but profit taking during late dealings caused prices to close at the lows of the day. Actuals business was quiet as producers continued to offer above current levels while consumers showed little interest, reports Gill and Duffus.

GRAINS

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday's close	+ or —
Sep...	104.25			
Nov...	108.00	—0.20	102.50	—0.10
Jan...	112.25	—0.10	106.55	—0.50
Mar...	116.45	—	110.00	—0.20
May.	119.75	—0.15	113.45	+0.50

Business done—Wheat: Sept 104.25-104.00, Nov 108.20-107.50, Jan 112.35-111.85, March 116.45-116.00, May 120.00-119.30. Sales: 287 lots of 100 tonnes. Barley: Sept 98.40-97.95, Nov 102.75-102.30, Jan 106.70-106.30, March 110.40-109.90, May 113.65-113.40. Sales: 343 lots of 100 tonnes.

LONDON GRAINS—Wheat U.S. Dark Northern Spring No. 2 14 per cent Aug 111.50, Sept 112.25, trans shipment East Coast. U.S. *Hard Winter* 13½ per cent Aug 116.65, Sept 118 trans shipment East Coast. English Feed Sept 108, East Coast Oct Dec 111.50, paid East Coast. Maize: French July 130, Aug 125, trans shipment East Coast. South Africa Yellow Aug/Sept 95.50. Barley: English Feed fob Oct/Dec 107.50, East Coast. Aug 99 paid East Coast Sept 102, paid East Coast Oct 104, paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 92.70, E Mids 92.80, Scotland 95.00. The UK Monetary Coefficient for the week *beginning Monday July 27 is expected* to remain unchanged.

RUBBER

The London physical market opened *slightly easier* with good buying throughout the day, closing uncertain after steady. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 228.5 (235.5) cents a kg and SMR 20 205.5 (211).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
August	60.20-61.00	59.90	59.50-58.50
Sept	61.30-62.00	61.00	—
Oct-Dec	62.70-62.90	61.60-61.70	65.10-60.40
Jan-Mar	65.00-65.10	65.80-63.90	66.50-62.70
Apl-Jne	67.90-68.10	66.80-66.90	68.00-67.90
Jly-Sept	70.80-70.90	69.60-69.70	70.00
Oct-Dec	73.70-70.80	72.70-72.80	71.90
Jan-Mar	76.70-76.80	75.60-75.80	76.70
Apl-Jne	79.60-79.80	78.60-78.70	—

Sales: 505 (307) lots of 15 tonnes; 21 (—) lots at 5 tonnes. Physical *closing prices (buyers) were:* Spot 59.50p (59.00p); Aug 59.00p (58.00p); Sept 59.50p (58.50p).

WOOL FUTURES

SUGAR

The market ... levels and prices drifted later in quiet conditions, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	218.25-18.50	217.00-17.50	220.00-16.00
Oct.	215.40-5.50	217.75-18.00	220.50-15.00
Jan.	214.75-15.00	216.00-16.25	215.00
March	216.90-17.00	219.50-20.00	223.00-16.50
May	218.00-18.25	220.80-21.00	222.00-18.25
Aug	219.25-19.50	221.60-23.00	—
Oct.	220.00-20.50	222.50-24.25	—

Sales: 5,863 (7,204) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was 360.4 (same) a tonne for home trade and £328.00 (£322.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 21: Daily price 16.23 (15.89); 15-day average 16.15 (16.08).

POTATOES

LONDON POTATOE FUTURES—The market was hesitant and little lower on widespread rainfall closing in middle of range reports Coley and Harper. Colsing prices: Nov 77.70, —1.10 (high 78.00, low 76.60); Feb 87.90, —1.10 (high 88.50, low 87.00); April 98.70, —1.20 (high 99.00, low 98.20). Turnover 203 (441) lots of 40 tonnes.

HIDES—Leeds: Market firmer. Ox 31-35.5 kg 45.3p a kg (43.5p a kg); 26-30.5 kg, 51.4p a kg (48.7p a kg); 22-25.5, 57.8p (53.0p). Light cows 25.5p a kg, 52.0p a kg (49.3p a kg).

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.20, Codlings £2.50-£3.50; large haddock £3.00-£4.40, medium £2.00-£3.90, small £1.60-£2.50; large plaice £4.60-£6.40, medium £4.40-£5.40, best small £3.40-£4.30; large skinned dogfish £6.50-£7.50, medium £6.00, large lemon soles £7.50, medium £7.00; saithe £1.60-£2.60

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on July 22: GB Cattle 86.74p per kg lw (—0.49), UK Sheep 123.41p per kg est dcw (+3.45), GB Pigs 70.93p per ...

PRICE CHANGES

In tonnes unless otherwise stated.

	July 22 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1180/1210	+20.00	$1215/124
Copper			
Cash w'bar	£903.5	—3.00	£864.5
3 mths	£930.75	+4.25	£889.75
Cash Cathode	£899	+5.00	£858.25
3 mths	£921.50	+5.25	£880.5
Gold troy oz	$411	+4.00	$461.5
Lead Cash	£432.50	+5.05	£374.5
3 mths	£432.25	+4.75	£379.75
Nickel	£3,650.50	......	£3,584.50
Freemkt	275/295c	......	275/285c
Platin'm'r'y oz	£247.0	......	£247
Freemkt	£220.95	+0.50	£228.25
Quicksilver†	$428/433	......	$420/460
Silver troy oz	468.25p	+5.7	510.60p
3 mths	484.05p	+5.9	526.00p
Tin Cash	£7,655	+185	£6,440
3 mths	£7,652.50	+210	£6,570
Tungsten 22.04lb	$143.64	......	$145.09
Wolfrm 22.04 lb	$149/152	......	$147/149
Zinc Cash	£468	+3.00	£443.5
3 mths	£477.50	+3.25	£440.75
Producers	$925	......	$925
Oils			
Coconut (Phil)	$595w	+10.00	$575.0
Groundnut	‡	......	‡
Linseed Crude	£452	......	£442
Palm Malayan	$570x	......	$607.5
Seeds			
Copra Philip	$370w	......	$370.0
Soyabean (U.S.)	$297.30	+1.30	$291.0
Grains			
Barley Fut. Nov	£102.50	—0.10	£95.25
Maize	£130	......	£127.25
Wheat Fut. Nov	£108.00	—0.20	£100.20
No2 HardWint	£116.65	......	£109.00
Other commodities			
Cocoa ship't*	£1160	—1.00	£897.00
Future Sept	£1114.5	—5.00	£836.00
Coffee Ft' Sept	£1167.50	+21.00	£757.5
Cotton A.Index	85.80c	+0.05	87.40c
Gas oil Aug	$293	—4.75	$285.25
Rubber (kilo)	59.50p	+0.50	57.6p
Sugar (Raw)	£219.00	+5.0	£202.0

AMERICAN MARKETS

NEW YORK July 22

Precious metals traded lower on indications or expectations of higher interest rates. Copper attracted some technical and trade buying. Coffee continued to advance on the reported frost damage in Brazil. But the spot month closed sharply lower. Cocoa was in a narrow trading range and drifted lower. The livestock complex closed sharply lower to limit down. *Heating oil backed off on reports of* steady high oil output. Sugar market was mixed with trade selling providing resistance. *Grains* and soyabeans recovered further on rumours of a stevadore strike in Argentina. Cotton rallied with the grains on local and professional buying, reported by *Heinold* commodities.

Orange Juice — Sept 126.25-126.50 (126.35), Nov 130.25 (same), Jan 133.50-133.60, March 135.20-135.50, May 136.90-137.30, July 138.60-139.00, Sept 140.30-140.70, Nov 142.00-142.60.

Potatoes (round whites) — Nov 74.5 (73.4), Feb 84.8-85.8 (83.9), March 88.0-88.5, April 101.2-101.5. Sales 576.

Pork Bellies — July 48.70 (50.70), Aug 47.80 (49.90), Feb 61.05, March 61.15, May 62.10, July 63.20, Aug 62.80.

Tin—635.00-653.00 (621.00-640.00).

Lard—Chicago loose 23.00 cents per lb.

Live Cattle—Aug 63.40-63.80 (64.77), Oct 61.45-61.60 (62.30), Dec 63.20-63.05, Feb 63.40-63.25, Apl 64.05-64.22, Jun 65.15, Aug 65.40.

Live Hogs—Aug 48.67 (50.17), Oct 47.15-47.30 (48.17), Dec 50.40-50.30, *Feb 51.55, Apl 50.85, Jun 53.80, July* 53.70, Aug 51.85.

Copper—July 75.55 (75.60), Aug 75.95 (75.95), Sept 77.20-77.35, Dec 81.05, Jan 82.30, March 84.75, May 86.95, July 89.15, Sept 91.35, Dec 94.60, Jan 95.75, March 97.90, May 100.05.

‡‡Maize—July 334-333¾ (331¼), Sept 342½-342 (338¾), Dec 353-352¾, March 366½, May 375¾, July 381½.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

††Cocoa—July 1924 (1854), Sept 1939 (1874), Dec 2033, March 2101, May 2140, July 2175, Sept 2210, Dec 2250.

Coffee—"C" Contract: July 127.50-128.00 (110.55), Sept 110.63 (106.63), Dec 104.59, March 100.60, May 100.40, July 100.13, Sept 100.00, Dec 100.00.

Copper—July 75.25 (75.25), Aug 75.65 (75.65), Sept 76.90-76.95, Dec 80.50-80.80, Jan 81.90, March 84.40, May 86.55, July 88.50, Sept 90.95, Dec 94.15, Jan 95.30, March 97.45, May 99.60.

Cotton—No. 2: Aug 80.00 (80.15), Oct 77.10-77.18 (76.55), Dec 77.30-77.40, March 79.30, May 80.80-81.00, July 82.48, Oct 81.00-81.35, Dec 80.70-81.00.

*Gold—July 410.0 (410.8), Aug 411.0-412.5 (411.5), Sept 417.0, Oct 423.5, Dec 432.0-434.0, Feb 443.5, April 454.6, June 465.4, Aug 476.3, Oct 487.3 ...

Sugar—No. 11: Sept 16.25-16.30 (16.03), Oct 16.40-16.45 (16.10), Jan 16.55-16.69, March 16.80-16.87, May 17.10, July 17.35-17.36, Sept 17.60, Oct 17.70-17.75.

Tin—621.00-640.00 (625.00-635.00).

CHICAGO, July 21.

Chicago Imm Gold—July 408.5 (407.8), Aug 411.5 (410.8), Sept 416.5, Oct 422.6, Dec 433.5, Jan 437.0, March 447.5, April 450.0, June 460.0, July 468.0.

§§Maize—July 331½-332 (332¼), Sept 339¼-338 (338¼), Dec 349-349½, March 362½-363, May 370½-371¼, July 375½.

†Soyabeans—July 719-720 (718), Aug 721½-720 (719½), Sept 729-730, Nov 751-749½, Jan 768-769, March 790, May 805, July 818.

‖Soyabean Meal—July 200.0 (199.5), Aug 201.5-201.0 (200.7), Sept 204.0- ...

EUROPEAN MARKETS

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Aug 291.50, Sept 289.75, Oct 292, Nov 293.50, Dec 299.50, Jan 305.75, Feb 310.50, March 315.00, April 318, May 320.50, sellers.

Soyameal—(U.S. $ per tonne): U.S. afloat 239.50/240.50, Aug 238.50/239/239.50, Sept 242.50, Oct 248/248.50/249, Nov/March 257, traded afloat 240, Aug 239.50, Sept 243, Oct 249, Nov/March 259, sellers Brazil Pellets afloat ...

PARIS — July 22 (FFr per 100 kilos): July unquoted, Sept 1190/240, Dec 1260/75, March 1280/95, May 1302/21, July 1322, Sept 1340. Sales at call nil.

PARIS — July 22 (FFr per tonne): Oct 2400/2405, Nov 2385/2415, Dec 2335/2370, March 2412/2415, May 2450/2460, July 2460/2510, Aug 2480/2550, Oct 2490/2570. Sales at call 17.

INDICES

FINANCIAL TIMES

July 21	July 20	Month ago	Year ago
270.02	267.52	1737.5	1691.6

(Base: July 1, 1952=100).

MOODY'S

July 21	July 20	Month ago	Year ago
1060.6	1063.4	1086.9	1181.4

(December 31, 1931=100)

DOW JONES

Dow Jones	July 21	July 20	Month ago	Year ago
Spot	383.25	376.98	373.60	430.93
Fut'rs	389.25	384.28	373.70	446.08

(Average 1924-25-26=100)

REUTERS

July 22	July 21	M'nth ago	Year ago
1707.9	1704.2	1737.5	1691.6

(Base: September 18, 1931=100)

COMPANY NOTICES

COURSES

SCHOOL OF ORIENTAL AND AFRICAN STUDIES

ART GALLERIES

CLUBS

Gilt-edged rally strongly from 4½-year lows and pull equities higher—Big British Sugar placing

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 13	July 23	July 24	Aug 3
July 13	July 22	July 23	Aug 3
July 24	Aug 6	Aug 7	Aug 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

Government stocks recovered smartly from 4½-year lows and spearheaded a broad rally in London stock markets yesterday. Yields approaching 16 per cent on longer Gilts enticed institutional buyers in a modest way and interest was also shown by smaller investors. The impression was gained that a seemingly oversold market was not being relieved by official sales of Gilts, and the upturn was accelerated by the covering of short positions.

The advance was influenced, too, by sterling's steadier performance yesterday and by the fact that the Bank of England did not intervene yesterday morning in money markets. Reaffirmation that the U.S. Administration intends to continue with its tough money policy made no impact and investors appeared to be less concerned about the current pressures for higher domestic interest rates.

Home Banks improve

The advance continued throughout the session and into the after-hours' trade when medium and longer-dated stocks were showing rises extending to 1⅜. The shorts were not far behind and gains here finally ranged to a point; **Treasury 9¼ per cent 1983** advanced that much to 93¼ helped by switching operations. Measuring the new-found strength, the FT Government Securities index rebounded 0.69 to 63.81.

Leading equities derived encouragement from Gilts and moved higher. Enthusiasm for a while was curbed by the early announcement that the Government's 24 per cent holding in British Sugar was being placed, but the completion of the operation within 90 minutes was followed by a slow upturn. The overall level of trade remained disappointing, but leading shares ended at the day's best and the FT Industrial Ordinary share index closed 4.8 up at 517.0. **Thorn EMI**, which led the rally in equities on Tuesday, added another 10 to 450p.

Traded options attracted 3,483 deals—the highest total so far this year. Demand was boosted by the expiry of the July series and business was well distributed among the positions. **Imps** remained to the fore with 503 calls completed, while **Commercial Union** and **Courtaulds** recorded 445 and 415 calls respectively.

Hamilton Oil, which made a subdued market debut on Tuesday, firmed 4 to 136p compared with the offer price of 140p.

Midland Bank's rights issue denial encouraged a firmer tone among recently dull major clearing banks, **Barclays**, 444p, **NatWest**, 416p, and **Lloyds**, 404p, all registering improvements of 6. **Midland** hardened 4 to 332p. Elsewhere, **Grindlays** put on 14 to 232p on revived speculative interest, but **Arbuthnot Latham**, still unsettled by the suspension of two directors in connection with inquiries regarding stockbrokers Haliday Simpson, fell another 10 to 275p.

Composite Insurances made further modest progress. Life issues went better late, **Hambro** closing 4 firmer at 420p and **Legal and General** 2 dearer at 224p. Brokers **Hogg Robinson**, 108p, relinquished 6 of the previous day's gain of 7 following comment on the preliminary results.

The firmer tone in Breweries which developed late on Tuesday continued and the leaders usually closed a penny or two higher. **Whitbread** were outstanding at 167p, up 5, while, among regionals, **Davenports**, long a takeover favourite, rose 4 to 127p.

Apart from **Blue Circle**, which softened 4 afresh to 454p, leading Buildings closed a shade firmer for choice on technical influences, **George Wimpey** improving a couple of pence to 114p. Elsewhere, revived demand in a thin market lifted **Tilbury Contracting** 7 to 247p, while **John Finlan** rose 6 to 158p awaiting the outcome of discussions with an unnamed party. Recently depressed Timber issues also took a firmer line, **Magnet and Southerns** adding 4 to 138p and **International** a couple of pence to 89p. **George M. Callender** remained on offer and shed 5 for a two-day fall of 8 to 53p.

International Paint, a rising market recently on hopes that Courtaulds, with nearly 88 per cent of the shares, might bid for the outstanding equity, put on 15 to 198p on the appearance of a single buyer. Interest in **ICI** was at a low ebb, but the price improved 2 to 264p.

Stores quietly firm

Business in Stores remained at a low ebb, but the leaders closed a shade firmer for choice. **Gussies "A,"** dull of late, rallied 5 to 435p, while **UDS**, 78p, and **Mothercare**, 198p, added 2 apiece. Secondary counters also held close to the overnight positions, although **Cornell Dresses** stood out with a gain of 8 to 165p on revived speculative demand. **MFI**, full-year results expected today, hardened a couple of pence to 60p, but **Greenfields Leisure** remained out of favour and shed that amount to 24p. Among Shoes, support was again forthcoming for **Garner Booth**, 4 dearer at 81p.

Leading Electricals traded on a firm note with **Thorn EMI**, outstanding again at 450p, up 10, following reports of a favourable reaction to a meeting with the institutions. Elsewhere, **Telephone Rentals** encountered further support and put on 7 more to 385p, while **STC** rallied that amount to 455p.

Investment interest in the Engineering leaders remained at a low ebb, but quotations moved a little higher in common with the general trend. **Tubes**, 132p, and **GKN**, 133p, edged up 4 apiece, while **Vickers** ended 2 firmer at 153p. Still reflecting Mr Wasserman's purchase of a stake in the company, **G. M. Firth** encountered revived buying interest and rose 6 to 120p. Speculative interest was shown in **Howard Machinery**, 3 higher at 26p, but **Braham Miller** closed unaltered at 20p, after 22p, on the rejection of the bid approach by Fieldwood. **Staveley Industries** eased 7 to 228p following the chairman's bearish statement on current trading at the annual meeting, while **S. W. Wood**, awaiting today's preliminary figures, gave up 3 to 20p.

British Sugar, which touched 325p in immediate response to the announcement that the Government had quickly placed its 24 per cent stake in the company at 305p per share with various institutions, slipped back to 323p before the appearance of small buyers in the after hours' dealings left the close a net 13 up at 328p. **S. and W. Berisford**, which failed to gain control of British Sugar, agreed to acquire a further 1.2m British Sugar shares which increases its stake to 40.02 per cent; Berisford rose 4 to 124p. Elsewhere in the Food sector, **Bernard Matthews** attracted late support and, in a thin market, advanced 18 to 145p.

Miscellaneous industrial leaders edged higher in quiet trading, **Glaxo** improving 6 to 370p, **Metal Box** 4 to 160p and **BOC International** a few pence to 133p. Elsewhere, dealings in **Ofrex** were suspended in the late trade at 122p, up 5, at the company's request pending publication of an announcement. Reflecting recent Press comment, **Aeronautical and General** firmed 10 to 390p, while **Bath and Portland** responded to the encouraging tenor of the chairman's annual statement with a rise of 4 to 61p. **Granada "A"** took a turn for the better after recent dullness and rallied 4 to 230p, while **Cape Industries** also picked up 4, to 176p. Revived demand lifted **Western Board Mills** 6 to 148p, but **Barget** reacted 5 further to 210p. **Initial Services**, still reflecting recent satisfactory results, hardened 2 more to 230p. Fresh speculative interest developed in **Sangers**, up 2 more at 83p, after 85p, following the announcement that the recent acquisition of shares in the company by Paget Agencies was on behalf of Mr Tom Whyte. Speculation about a counter-bid left **Letraset** 3 higher at 115p, after 117p.

A more detailed appraisal of the preliminary results, prompted by adverse Press comment, resulted in steady selling of **Dowty** which closed 21 lower at 256p. Motor sectors remained irregular.

Special situations were responsible for noteworthy movements in Properties. **Law Land**, the subject of a share-exchange offer from **Churchbury Estates**, gained 8 to a 1980 peak of 129p on hopes of a counter bid; **Churchbury** hardened 5 to 735p, at which price its bid is worth around 123p per Law Land share. **British Land** shed 4 to 93p on disappointment with the unchanged dividend.

Oils up late

Firmness in the Oil leaders reflected occasional late buying interest. **BP**, 302p, and **Shell**, 374p, both finished 8 to the good. **Lasmo** put on 12 further to 575p, while **Tricentrol** improved 10 to 262p and **Ultramar** 7 to 490p. Sporadic new-time buying was shown in some of the more speculative exploration issues. **Berkeley** firmed 8 to 393p and **Clyde** 10 to 200p, while **Marinex** ended 5 to the good at 145p. Reflecting Press mention, **British Canadian Resources** rose 30 to 345p.

Comment on Tuesday's annual results prompted further support of **RIT** which closed 10 better for a two-day gain of 14 to 380p. Other Trusts traded quietly, but closed with modest gains. Among Financials, **Britannia Arrow** firmed 3 to 56p, while the Warrants added 2 to 13p. **Hampton Trust** closed a few pence to the good at 39p desipte the small annual deficit.

Golds edge higher

Interim results from **Allied Textile** were deemed satisfactory and the close was 3 firmer at 143p. **Tern-Consulate**, a volatile market of late, added a like amount to 57p, but **Albion** fell 4 to 13p; the latter following the first half loss, omitted dividend and gloomy statement.

Among idle Plantations, **McLeod Russell** fell 13 to 275p following sharply lower annual profits and the halved dividend.

Mining markets passed another quiet session. South African Golds were generally a shade firmer as the bullion price progressed to close 4 up at $411 an ounce following reports of a further flare-up in the Middle East.

These events had little effect on share prices, however, which tended to hold their initial levels. The Gold Mines index rose 3.6 to 325.3.

In the heavyweights, **Western Holdings** advanced ⅞ to £26¾, **President Steyn** put on ⅜ to £16½ and **President Brand** and **St. Helena** added ½ apiece to £18¾ and £17 respectively.

Ahead of the dividend declarations due on Friday, **Vaal Reefs** were ⅝ firmer at £33¼, **Southvaal** ¼ up at £15¾ and **Western Deep** ⅛ to the good at £21¼.

Financials were quietly mixed. South Africans showed **GFSA** ⅜ better at £38⅞ and **Johnnies** ¼ higher at £36, while **Transvaal Consolidated Land** put on a point to £23. **De Beers** edged up 3 to 393p.

London Financials relinquished earlier gains although **RTZ** retained a 5 rise at 525p, after 533p. Australians drifted in idle trading reflecting another poor performance by overnight Sydney and Melbourne markets. **Seltrust "A"** were notably weak and dropped 10 to a 1981 low of 70p. **Swan Resources**, however, moved up 4 to 89p following the joint venture agreement with **CRA** and **Waffle Gully**.

FINANCIAL TIMES STOCK INDICES

	July 22	July 21	July 20	July 17	July 16	July 15	Year ago
Government Secs.	63.81	63.12	63.14	63.46	63.90	64.09	72.49
Fixed Interest	65.53	65.36	65.51	65.12	65.34	65.29	73.93
Industrial Ord.	517.0	512.2	514.0	523.7	529.2	533.7	486.0
Gold Mines	325.3	321.7	335.2	332.9	335.2	316.0	372.7
Ord. Div. Yield	6.11	6.16	6.16	6.05	6.00	5.95	7.46
Earnings, Yld.%(full)	11.71	11.81	11.81	11.60	11.57	11.48	18.09
P/E Ratio (net) (*)	10.71	10.65	10.63	10.82	10.85	10.91	6.66
Total bargains	18,155	20,216	16,832	17,850	16,451	16,945	22,868
Equity turnover £m.	—	115.66	115.27	171.07	143.64	119.99	159.23
Equity bargains	—	12,471	11,832	12,974	15,130	11,887	165.10

10 am 512.8. 11 am 514.6. Noon 515.3. 1 pm 515.8.
2 pm 515.7. 3 pm 516.2.
Latest Index 01-246 8026.
* Nil = 9.87.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

S.E. ACTIVITY

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	65.36 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	431.1 (8/1)	262.6 (25/6)	558.9 (22/9/80)	43.5 (26/10/71)

	July 21	July 20
—Daily		
Gilt Edged Bargains	173.5	167.4
Equities Bargains	80.8	78.7
Value	238.3	338.0
5-day Avrge.		
Gilt Edged Bargains	180.0	189.4
Equities Bargains	79.8	80.7
Value	269.1	263.9

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday, July 21, 1981.

Contracting, Construction	+34.90	Brewers and Distillers	+13.03
Other Industrial Materials	+27.10	Merchant Banks	+13.02
Textiles	+24.37	Financial Group	+12.07
Insurance Brokers	+24.03	Banks	+11.63
Health and H'sehold Products	+22.87	Food Retailing	+11.32
Leisure	+22.29	Investment Trusts	+ 8.15
Other Consumer	+21.45	Mining Finance	+ 7.76
Packaging and Paper	+21.19	Property	+ 7.03
Engineering Contractors	+20.87	All-Share Index	+ 5.97
Hire Purchase	+20.59	Office Equipment	+ 5.52
Food Manufacturing	+20.43	500-Share Index	+ 4.41
Tobaccos	+20.19	Metals and Metal Forming	+ 3.76
Building Materials	+19.13	Motors	+ 3.73
Capital Goods	+18.70	Stores	+ 1.64
Mechanical Engineering	+18.12	Other Groups	− 0.85
Electricals	+17.47	Overseas Traders	− 0.98
Insurance (Composite)	+16.34	Shipping and Transport	− 1.32
Newspapers, Publishing	+15.10	Discount Houses	− 8.76
Insurance (Life)	+14.97	Chemicals	− 9.11
Consumer Group	+13.66	Gold Mines Index	−21.06
Industrial Group	+13.40	Oils	−25.16

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (21)

BRITISH FUNDS (1)
Treas. Variable 1983
AMERICANS (1)
Louisiana Land
BANKS (1)
Schroders
CHEMICALS (1)
Int. Paint
ELECTRICALS (2)
Tele. Rentals — Thorn EMI
ENGINEERING (3)
Farmer (S. W.) — Firth (G. M.)
Fife Forge
FOODS (1)
Pyke
INDUSTRIALS (5)
Hill (Ch.) Bristol — Schlumberger
Holden (A.) — Western Board.
Sangers
MOTORS (1)
Arlington Motor
PAPER (1)
Eucalyptus
PROPERTY (2)
Churchbury Ests. — Law Land
SHOES (1)
Garner Booth
TEXTILES (1)
Beales (J.)

NEW LOWS (26)

LOANS (1)
PPI 14pc 1983
BANKS (1)
Smith St. Aubyn
BEERS (1)
Tomatin
STORES (1)
Greenfields
ENGINEERING (5)
Neepsend — Westland
Newman-Tonks — Wood (S. W.)
Ratcliffs (G.B.)
INDUSTRIALS (4)
Business Computers — Solicitors' Law
Change Wares — Spear (J. W.)
INSURANCE (1)
Ennia UK 9pc Cnv.
MOTORS (2)
A.E. — Armstrong Equipment
PROPERTY (1)
Estates Prop. Inv.
TEXTILES (1)
Snia Viscosa Priv.
TRUSTS (1)
Ambrose Inv. Inc.
OIL & GAS (5)
Burmah 8½pc Ln. 1991-96 — Weeks (Bermuda)
Do. Pref. (Aust.)
Energy Capital — New Court Nat.
TEAS (1)
McLeod Russel
MINES (1)
Seltrust A

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	92	—	1
Corpns. Doms. & Foreign Bonds	23	1	45
Industrials	242	202	925
Financial & Props.	89	87	325
Oils	24	28	42
Plantations	2	6	15
Mines	52	36	79
Others	30	84	82
Totals	554	444	1,514

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., July 22, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. July 21 Index No.	Mon. July 20 Index No.	Fri. July 17 Index No.	Thur. July 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	341.96	+0.2	10.65	4.57	11.60	341.15	343.01	347.94	349.38	279.28
2	Building Materials (25)	292.75	−0.2	13.42	5.82	9.06	293.26	296.60	300.32	302.23	262.88
3	Contracting, Construction (28)	547.03	+0.3	17.35	5.19	6.70	545.58	553.75	555.78	557.54	415.66
4	Electricals (29)	1129.58	+0.4	8.14	2.43	15.03	1124.64	1118.82	1136.06	1140.05	797.46
5	Engineering Contractors (11)	481.61	+0.2	12.37	5.60	9.74	480.45	492.87	495.87	496.88	329.47
6	Mechanical Engineering (69)	201.58	−0.5	12.96	5.90	9.77	202.62	204.54	207.93	208.83	181.49
8	Metals and Metal Forming (13)	144.87	+1.7	10.98	8.20	11.94	142.50	144.61	146.57	145.83	170.29
9	Motors (21)	95.26	−0.4	2.29	7.33	—	95.63	95.75	97.35	98.57	103.32
10	Other Industrial Materials (18)	368.14	+0.8	9.91	5.45	12.09	365.31	370.78	377.49	379.75	0.00
21	CONSUMER GROUP (195)	272.51	+0.7	12.65	5.88	9.76	270.67	272.48	276.93	279.76	238.43
22	Brewers and Distillers (20)	299.61	+0.7	14.84	6.44	8.09	297.58	299.10	307.09	310.51	286.72
25	Food Manufacturing (21)	255.31	+0.4	15.11	6.53	7.98	254.21	255.67	257.81	259.80	215.25
26	Food Retailing (14)	519.54	+0.3	9.47	3.42	12.59	517.99	521.72	525.92	527.47	344.53
27	Health and Household Products (7)	325.81	+0.4	8.46	4.49	14.09	324.47	324.69	331.35	337.72	230.83
29	Leisure (22)	433.22	+1.5	9.96	4.85	12.41	426.81	426.28	430.18	431.30	337.27
32	Newspapers, Publishing (12)	489.64	+0.1	12.71	6.11	11.19	489.12	496.61	502.62	504.41	443.11
33	Packaging and Paper (13)	137.87	−0.7	15.23	7.68	7.80	138.83	140.22	142.31	144.50	137.82
34	Stores (44)	253.37	+0.9	11.50	5.26	11.58	251.02	254.19	258.30	261.84	227.96
35	Textiles (23)	155.27	+0.1	7.61	5.88	18.84	155.07	155.66	158.14	159.97	126.62
36	Tobaccos (3)	242.58	+1.1	20.94	10.29	5.60	239.92	241.01	247.24	248.31	226.67
39	Other Consumer (16)	290.42	+0.4	5.59	6.43	33.78	289.21	297.17	298.73	299.67	0.00
41	OTHER GROUPS (79)	219.71	+0.5	13.47	6.89	9.09	218.71	219.72	223.02	224.32	226.82
42	Chemicals (15)	272.18	+0.6	11.94	7.63	10.47	270.05	269.11	275.65	278.10	319.88
44	Office Equipment (6)	108.04	+0.9	15.29	7.61	7.88	107.12	107.13	107.13	108.02	104.42
45	Shipping and Transport (13)	532.64	+0.4	16.57	7.13	7.08	530.40	533.83	538.68	540.42	595.75
46	Miscellaneous (45)	288.64	—	13.57	5.80	9.05	288.61	292.64	295.79	296.62	281.41
49	INDUSTRIAL GROUP (488)	288.78	+0.5	12.00	5.50	10.28	287.39	289.18	293.56	295.72	251.50
51	Oils (12)	710.46	+2.3	23.62	8.09	4.70	694.40	698.87	706.91	707.06	800.38
59	500 SHARE INDEX	322.90	+0.8	14.01	5.95	8.52	320.35	322.29	327.04	329.05	295.02
61	FINANCIAL GROUP (118)	264.96	+0.7	—	5.54	—	263.09	265.83	271.24	271.36	233.78
62	Banks (6)	279.77	+1.5	33.13	6.55	3.53	275.58	278.60	287.38	280.13	236.64
63	Discount Houses (10)	266.01	+0.5	—	8.48	—	264.79	267.64	274.86	277.91	383.18
64	Hire Purchase (3)	236.45	−0.6	12.95	7.68	10.69	237.93	239.90	242.87	242.87	251.56
65	Insurance (Life) (10)	267.24	+0.7	—	5.66	—	265.32	268.19	274.45	276.88	232.89
66	Insurance (Composite) (9)	172.81	+0.9	—	7.37	—	171.31	169.77	173.08	175.00	156.74
67	Insurance Brokers (8)	397.37	+0.3	11.23	5.84	12.08	396.36	399.15	410.96	411.88	344.41
68	Merchant Banks (13)	167.17	−0.2	—	5.08	—	167.50	170.89	172.86	173.29	141.01
69	Property (49)	476.48	—	3.87	2.92	35.43	476.30	482.31	493.25	499.36	438.17
70	Miscellaneous (10)	179.77	+1.1	17.95	5.71	6.77	177.82	179.42	181.74	181.60	143.14
71	Investment Trusts (109)	305.13	+0.1	—	5.20	—	304.86	309.02	309.69	310.80	264.46
81	Mining Finance (3)	247.31	+0.7	14.24	5.53	8.27	245.65	244.49	245.98	248.78	242.39
91	Overseas Traders (20)	427.28	+0.7	11.96	6.97	10.43	424.29	427.25	434.75	436.07	418.07
99	ALL-SHARE INDEX (750)	311.68	+0.7	—	5.84	—	309.42	311.43	316.29	317.81	282.38

FIXED INTEREST

	PRICE INDICES	Wed. July 22	Day's change %	Tues. July 21	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.28	+0.53	105.72	—	6.24
2	5-15 years	102.06	+1.27	100.77	—	7.69
3	Over 15 years	103.67	+1.33	102.31	—	8.03
4	Irredeemables	113.41	+0.74	112.58	—	7.43
5	All Stocks	103.68	+1.03	102.62	—	7.27
6	Debentures & Loans	80.43	+0.34	80.16	—	6.11
7	Preference	61.59	—	61.59	—	3.74

	AVERAGE GROSS REDEMPTION YIELDS		Wed. July 22	Tues. July 21	Year ago (approx.)
	British Government				
1	Low	5 years	12.64	12.97	11.71
2	Coupons	15 years	13.39	13.52	11.12
3		25 years	13.64	13.76	11.12
4	Medium	5 years	14.91	15.13	12.53
5	Coupons	15 years	15.36	15.60	12.42
6		25 years	14.96	15.19	12.35
7	High	5 years	14.91	15.11	12.79
8	Coupons	15 years	15.56	15.77	12.82
9		25 years	15.17	15.38	12.63
10	Irredeemables†		13.08	13.37	10.83
11	Debs & Loans	5 years	15.91	15.97	13.32
12		15 years	16.12	16.19	13.37
13		25 years	16.14	16.21	13.38
14	Preference†		16.22	16.22	14.29

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
153	F.P.	—	172	155	⁂Aerospace Eng.	160	......	bd7.5	1.4	6.7	14.8
§35	F.P.	22/7	37	28	Allied Residential 10p	30	−7	b2.46	2.0	11.7	6.3
—	F.P.	—	140	132	Bonusbond	132	−5	—	—	—	—
Ir£0.50	F.P.	19/6	40	26	⁂Bula Resources	33	−1	—	—	—	—
75	F.P.	17/7	91	79	Cambridge Elec.	85	+1	b3.7	2.2	6.2	8.5
—	F.P.	—	14	10	Comtech 10p	11	......	—	—	—	—
‖ ‖	F.P.	—	25	18½	††Energy Sources	19	......	—	—	—	—
—	F.P.	—	7	6	††Explaura Gold	6½	......	—	—	—	—
140	F.P.	—	136	130	Hamilton Oil G.B.	136	+4	u1.0	18.4	1.1	7.4
§10	F.P.	—	22	17	⁂ICC Oil services	20	−1	—	—	—	50.6
72	F.P.	26/8	66	58	⁂Jackson Explorat'n.	66	+2	Q1.5c	—	1.2	—
95	F.P.	7/8	85	69	KCA Drilling	73	+2	b3.75	1.7	7.3	9.4
140	F.P.	7/8	207	194	Memec 10p	198	+5	b30	2.3	2.2	28.5
$12	F.P.	—	640	490	Mexico Fund	490	......	—	—	—	—
§51	F.P.	20/7	69	61	⁂Microfilm Repro.	62	......	b2.5	1.4	5.8	17.9
100	F.P.	24/7	107	97	Murray Technology	97	−1	—	—	—	—
§44	F.P.	30/6	58	40	⁂Selectv	40	−1	—	—	—	—
§83	F.P.	17/7	90	80	⁂Stanelco	82	......	—	—	—	25.1
§155	F.P.	3/8	205	190	⁂Star Computer	200	......	2.0	4.3	1.4	20.8
§90	F.P.	31/7	100	92	⁂Trident Comp.Serv.	100	......	bd1.5	4.0	2.1	16.8
§80	F.P.	14/7	91	85	⁂UnitedCeramicDist	87	−1	b4.2	1.9	6.8	10.1
100	F.P.	15/7	104	95	Utd. Comp. & Techgy	95	......	—	—	—	—
§88	F.P.	31/7	98	89	⁂Zygal Dynamics	95	......	u0.75	6.3	1.1	14.9

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
—	F.P.	6/7	110	105	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	103½	−2
100 ‖	Nil	—	5ppm	2ppm	Chloride 7½% Conv. Prf.	2ppm	−1
98½	£25	12/11	25¾	24½	Inco 15¾% Uns. Ln. 2006	25	+½
100‖	Nil	—	12½pm	10½pm	Jones (Edward) 15% Cnv. Uns. Ln. '96-98	11½pm	+1
¶97	£10	3/9	10	8	Mid-Kent Water 9% Red. Prf. 1987	8	......
¶100	F.P.	26/6	98½	96	Mid-Southern Wat. 9% Red. Pref. '86	96	......
‖	F.P.	17/7	104¼	98	Mount Charlotte 9½% Cnv. Ln. 1995-2000	98	......
99	F.P.	27/8	99	90½	Newcastle Water 7¾% Red. Pref. 1986	90½	......
100 ‖	F.P.	23/7	109	101	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	102	......
¶	F.P.	—	97½p	90p	Sterling Credit 3.5% Cnv. Red. Pr.f.	92p	−½
¶98	F.P.	28/8	92½	79½	Sunderland & S.S. Water 8% Red. Prf. '87	90½	......
100 ‖	Nil	—	½ppm	½ppm	"W" Ribbons 10% Cum. Red. Prf. '95-96.	½ppm	......

"RIGHTS" OFFERS

Issue Price p‡	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
190	F.P.	6/7	4/9	246	222	AGB	240	+3
22	Nil	31/7	11/9	2pm	1½pm	A.I.D.	1½pm	......
45	F.P.	25/7	28/8	54	49	Brengreen	49	......
275	125p	13/7	2/12	171	150	B.P.	160	+8
165	F.P.	3/7	7/8	191	177	Crouch (D)	177	......
375	F.P.	10/7	73/8	410½	397	English Association	400	+5
30	F.P.	6/7	7/8	87	75	Euro Ferries	81	−½
176	Nil	—	—	28pm	24½pm	Extel	28pm	+
55	F.P.	12/6	11/8	68	63½	Fine Art	65	......
255	F.P.	13/7	10/8	380	339	Flight Refuelling	365	+2
240	Nil	—	—	165pm	140pm	††Gaelic Oil	140pm	−20
90	F.P.	10/7	31/8	132	121½	Geers Gross	124	......
250	F.P.	17/6	24/7	346	269	G.R.E.	332	+4
HK$12	HK$8	—	—	109	66	Hong Kong & Shanghai Bk.	103	......
315	F.P.	26/6	7/8	343	324	Lyle Shipping	324	......
77	Nil	—	—	15pm	10pm	Moss Engineering	10pm	−3
70	F.P.	17/6	24/7	84	72	Northern Engineering	77	+3
60	F.P.	9/7	12/8	73	65	Old Swan Hotel (H'gate)	65	......
60	F.P.	26/6	7/8	69	62	Second City Props	64	......
6	P.P.	6/5	21/9	11½	6½	Sterling Credit	8½	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ⁂ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* | 9.31 | 9.71 | −0.08 | 3.60
Clive Gilt Fd. (C.I.) | 9.15 | 9.56 | −0.02 | 15.53
*Prices on July 22. Next dealing July 30.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. | 245.0 | 266.5 | ..... | —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. | $US9.77 | — | −0.61 | —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) | 88.4 | 98.5 | −1.0 | 15.25
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa | DM34.24 | 35.95 | +0.25 | —

Delta Group
P.O. Box 3012, Nassau, Bahamas.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. | 199.3 | 213.2 | −1.2 | 3.89

Hill Samuel Investment Mgmt. Intnl.

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.(a)(c)

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co., Ltd (a)

Bishopsgate Progressive Mgmt. Co.

Britannia Gp. of Unit Trusts Ltd.(a)(c)(g)

The British Life Office Ltd (a)

Brown Shipley & Co. Ltd. (a)(g)

Canada Life Unit Trust Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers

Charities Official Invest. Fund

Chieftain Trust Managers Ltd (a) (g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (a) (b) (c)

Funds in Court*

G.T. Unit Managers Ltd

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hexagon Services Ltd.

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd. (a) (g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

M & G Group (y)(c)(z)

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prud. Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g) (z)

Rowan Unit Trust Mngt. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Insurance Group

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

Target Tst. Mngrs. Ltd. (a) (g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. (c) (y)

Tyndall Managers Ltd.(a)(b)(c)

Unit Trust Account & Mgmt. Ltd.

Ulster Bank (a)

TSB Unit Trusts (y)

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

London Wall Group

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Sun Life Pensions Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions(a)(b)(c)

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capitrex S.A.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Cicerton Commodities (Isle of Man) Ltd.

Continued on previous page.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INSU

هكذا من الأجيل

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42	......	Q2.5c	—	3.7
41	14	ACM 20c	32	......	—	—	—
21	11½	Argosy Gold NL 25c	14	......	—	—	—
229	137	Bond Corp.	202	−2	Q7½c	1.9	2.3
104	76	Bougainville I Kina	90	+1	Q25.6	1.8	17.3
302	214	CRA 50c	247	−3	Q19c	1.7	4.7
25	15	Canada Northwest	15	......	—	—	—

Tins

Copper

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	142	Anglo-Dominion	145	......	—	—	—
55	40	Barymin	42	−3	—	—	—
25½	14	Burma Mines 10p	18	......	0.75	0.9	6.0
330	180	Colby Res. Corp.	225	......	—	—	—
275	200	Cons. Murch. 10c	230	......	1Q30c	1.8	7.5
98	58	††Hemerdon 10c	58	......	—	—	—
180	135	Highwood Res.	145	+5	—	—	—
400	300	Northgate C$1	325	−5	—	—	—
580	372	R.T.Z.	525	+5	16.0	3.2	7.9
£125	£93½	Dy.9%Cullis Ln.'95-2000	£119	......	Q9½%	—	8.0
51	32	††SPO Minerals 10p	35	......	—	—	—
47	27	Sabina Inds. C$1	27	......	—	—	—
44	28	††SWCM 10p	35	......	—	—	—
555	465	Tara Exptn. $1	550	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	44	......	Conv. 9% '80/82	£91⅞	......
Bertam	11	+½	Nat. 9¾% 84/89	£69⅝	+¼
Bdg'wtr. Est. 50p	460	......	Fin. 13% 97/02	£81¼	+⅜
Craig & Rose £1	£13	+½	Alliance Gas	69	......
Finlay Pkg. 5p	21	......	Arnott	240	+5
Graig Ship. £1	£22	......	Carroll (P.J.)	82	−1
Higsons Brew.	63	......	Concrete Prods.	93	......
Holt (Jos) 25p	485	......	Helton (Hldgs.)	30	......
I.O.M. Stm. £1	165	......	Irish Ropes	45	......
Pearce (C. H.)	800	......	Jacob	59	......
Peel Hldgs.	100	......	T.M.G.	14	......
Sheff. Refrshmt	95	−2	Unidare	101	......
Sindall (Wm.)	195				

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6	**Property**	
Barclays Bank	36	Ladbroke	30	Brit. Land	8
Beecham	18	Legal & Gen.	20	Cap. Counties	11
Blue Circle	35	Lex Service	10	Land Secs.	37
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	24	"Lofs"	4½	Peachey	15
Brit. Aerospace	17	London Brick	7	Samuel Props.	13
B.A.T.	25	Lucas Inds.	18	Town & City	2¾
Brown (J.)	9	"Mams"	20	**Oils**	
Burton Ord.	14	Mrks. & Spncr	11	Brit. Petroleum	33
Cadburys	7½	Midland Bank	26	Burmah Oil	16
Courtaulds	7	N.E.I.	8	Charterhall	8
Debenhams	10	Nat. West. Bank	32	KCA	22
Distillers	17	P & O Dfd.	12	Premier	7½
Dunlop	8½	Plessey	28	Shell	32
Eagle Star	25	Racal Elect.	34	Tricentrol	30
F.N.F.C.	3	R.H.M.	5	Ultramar	44
Gen. Accident	30	Rank Org. Ord.	18	**Mines**	
Gen. Electric	60	Reed Intnl.	25	Charter Cons.	21
Glaxo	28	Sears	5	Cons. Gold	45
Grand Met.	18	Tesco	5½	Lonrho	9
G.U.S. 'A'	46	Thorn EMI	30	Rio T. Zinc	45
Guardian	30	Trust Houses	15		
G.K.N.	15	Tube Invest.	18		
Hawker Sidd	25	Turner & Newall	10		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Thursday July 23 1981

Severn barrage energy plan seen as feasible

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A £5.6bn scheme to build a huge barrage across the Severn Estuary to generate electricity is technically feasible and might become an economic proposition, the Government has been told.

The advice comes from the Severn Barrage Committee set up under Sir Hermann Bondi, the former chief scientist at the Energy Department, to study the potential for tapping the River Severn's tidal power.

In a report published yesterday, the committee says that a Severn barrage is not currently as economically attractive as building new nuclear power stations.

But, if the development of nuclear power were constrained, investment in tidal power would become economically attractive.

The committee therefore recommends that the Government undertake a more detailed study of the design and economies of a barrage, together with the social and environmental impact. This would take about four years and cost some £20m.

The report represents a significant advance for advocates of tidal power but high costs and uncertain economies mean a barrage is still a long way from being built.

Mr David Howell, the Energy Secretary, yesterday avoided committing the Government to any particular stance, telling the Commons that several months would be allowed for public debate before further decisions were taken.

The committee says the best site for a barrage would be from Breen Down, near Weston-super-Mare, Somerset, to Lavernock Point, between Barry and Cardiff in south Wales.

This structure would cost £5.6bn to build and could provide employment for up to 21,000 men during the nine-year construction period. It could produce about 6 per cent of the electricity needs of England and Wales.

The barrage would be constructed from a combination of caissons—large preformed concrete structures housing sluice-gates and turbo-generators — and large embankments running to the shore. Two locks would allow ships access to the estuary's ports—notably Cardiff, Newport and Bristol.

Tidal Power from the Severn Estuary Volume 1. Energy Paper 46 HMSO £9.80.

Details, Page 6

Bani-Sadr in opposition alliance

By Richard Johns, Middle East Editor

MR ABOLHASSAN Bani-Sadr, the disgraced ex-President of Iran, has come out in open alliance with thet underground political group that has emerged as the major opposition to the rule of the clergy in the country.

According to a letter now circulating in Iran, Mr Bani-Sadr has appointed the leader of the Mojahedin-i-Khalq, Mr Massoud Rajavi, as his Prime Minister. Mr. Bani-Sadr was ousted from power by the clergy-dominated Islamic Republican Party on June 21 but has never acknowledged being deposed and is now in hiding in western Iran.

If the letter proves to be genuine, Mr Bani-Sadr's endorse ment of the group would further polarise the political forces in Iran and increase the chances of a dangerous deterioration in the civil conflict.

Ayatollah Mohammed Reza Mahdavi-Kani yesterday called on Iranians to be vigilant against attempts to disrupt tomorrow's elections for a president to succeed Mr Bani-Sadr.

The Mojahedin is a fundamentalist movement with strong Left-wing influences and has gained adherents among the middle-class young and in the countryside, particularly the north. They will benefit considerably from the ex-president's adoption of their cause. Mr BaniSadr, in turn, needs a mass movement if he is to challenge the regime effectively.

Mr BaniSadr enjoys a wide measure of popularity in the armed forces, of which he was commander-in-chief, and his alliance with the Mojahedin could cause serious strains

The letter, dated July 19, bears Mr Bani-Sadr's signature, said to be genuine. It says that Mr Rajavi has accepted the appointment and has also undertaken to form a "national resistance council."

The letter provides further evidence that Mr Bani-Sadr is in the country and actively working towards the overthrow of the regime. Mr Bani-Sdra is believed to be hiding under the protection of the Kurdish Democratic Party in the west of Iran.

Last week a broadsheet distributed around Tehran quoted the former president as pledging himself to return to power and "punish those who have done wrong to the people and the Islamic Republic." But the clandestine pamphlet did not attack Ayatollah Khomeini, the dominant figure in the Iranian revolution, nor identify Mr Bani-Sadr with the Mojahedin.

The Mojahedin has recently come out in open opposition to Ayatollah Khomeini, holding him responsible for "the execution and murder of revolutionaries and their supporters."

The Mojahedin has been responsible for the eruption of violent dissent since Mr Bani-Sadr was impeached by the Majlis (parliament), and dismissed by Ayatollah Khomeini. They are held to have caused the explosion which shattered the headquarters of the Islamic Republic Party on June 29 and killed 72 of its leading members, including Ayatollah Mohammed Beheshti, the party leader.

The movement has been the main target of the wave of official terror and executions that over the last four weeks has accounted for the deaths of more than 200 people.

Banks agree on plan to reschedule Polish debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

INTERNATIONAL BANKS meeting in Zurich yesterday reached complete agreement on how to handle Poland's request for a rescheduling of its commercial bank debt.

A statement issued after the meeting said that "unanimous agreement had been reached in rsepect of all the issues concerned and (the task force) has now finalised the proposals to be discussed with the Polish delegation."

The 21-bank task force will meet today with a delegation of top Polish Government officials and management of the foreign trade bank, Bank Handlowy, to present the proposals to them. Poland still has to agree to the proposals. Once it has done so, the task force said that Dresdner Bank would act as international agent for the rescheduled debt.

The statment said that members of the task force are in complete harmony as to the way in which all individual types of credit granted to Poland by its 460 creditor banks should be handled.

But it gave no details of its proposals. Bankers attending the meeting were not available for comment.

Agreement on the Polish debt problem had been widely expected at the Zurich meeting of the task force which has been spearheading the rescheduling talks. But the announcement last night came 24 hours earlier than expected, indicating that progress was even faster than many banks had anticipated.

Under an arrangement thrashed out at the last task force meeting in Paris in June, the banks had been expected to offer Poland a more or less automatic rescheduling of debt falling due in the last three quarters of this year until 1988.

Poland would, however, first have to supply detailed information on its economic recovery plans. Once the debt, which has been unofficially estimated at about some $2.4bn, had been rescheduled, it would have to pay a margin of 1¾ per cent over London Eurodollar rates.

The precise arrangements for handling some types of credit—such as floating rate notes and loans whose repayments are tied to the proceeds of copper exports—which had given rise to disputes between individual banking institutions, were still uncertain last night.

West Germany is considering a scheme which could provide Poland with up to DM 1bn (£220m) in new supplier credits, according to banking sources, Reuter reports.

Preliminary contact is understood to have been made between the Reconstruction Loan Corporation, through which the credits would be channelled, and federal authorities.

The scheme would finance Polish imports of West German goods, and is believed to have been suggested by German commercial banks.

Docks strike off, Page 2
Lombard, Page 14

Chrysler returns to profit

By Lachlan Drummond in New York

CHRYSLER CORPORATION has returned to the black for the first time in 2½ years, reporting a $11.6m (£6.2m) net profit for the second quarter to the end of June.

It was the first profitable quarter for the troubled motor manufacturer since the final three months of 1978, but barely dents the $3.11bn losses suffered in the interim.

The profit—which compares with a $536.1m loss in the corresponding period last year and a $298m loss in the first quarter this year—was widely expected. Yet it does not signal a return to health for the company which was saved from bankruptcy when the U.S. Government stepped in with loan guarantees totalling $1.2bn, the last $400m of which was granted earlier this year.

The second quarter was somewhat distorted for the U.S. motor industry by high rates of production and sales to wholesalers as a result of the increae in retail sales which followed the price dicounting programmes introduced by all the major manufacturers in March.

Chrysler boosted U.S. production and sales to wholesalers by 52 per cent in the quarter. While this high output strategy has helped produce the positive result for the March to June period, it is expected to rebound in the current quarter because of the high level of stocks now held by retailers

Sales for the second quarter totalled $3.09bn against only $2.12bn in the like period of 1980. Chrysler also benefited from increased consumer confidence in its own future, and from the fact that it has attractive products in its smaller K model cars.

The profit for the quarter leaves the six-month net loss at $286.8m compared with the $984.9m deficit last time. The sales now total $5.52bn against $4.47bn.

Split develops between French Socialists and Communists

BY DAVID HOUSEGO IN PARIS

THE FIRST signs of a serious split between French Socialists and Communists since last months' general election which swept the Left to power emerged yesterday.

The Communist CGT union, by far the largest in the country, rejected proposals for shortening the working week to 39 hours, dealing a blow to French government hopes of a negotiated settlement on the issue between employers and the unions. A protocol had been painfully worked out by both sides of industry at the weekend.

The CGT rejection does not prevent the introduction of a 39 hour week, which the Government is expected to put forward in a Bill before Parliament in December.

M Henri Krasuki, the secretary general of the CGT, had indicated his dissatisfaction with the protocol after its signing.

In particular, he called for the immediate introduction of a legally authorised 38-hour working week from the present 40-hour level.

But communist disassociation from the protocol will make more difficult the industry level negotiations that are due to begin before the end of September on ways of implementing the agreement, which includes an extension of paid holidays from four weeks to five.

Issues due to be included in the discussion were the use of a quota of overtime hours to help make good losses in productivity and other methods of re-organising work shifts.

The CGT was undoubtedly irritated by remarks made by M Yvon Chotard, vice-president of the employers association, who said on Tuesday that if the CGT did not sign the protocol its participation in the discussions at industry level would be dependent on the agreement of the other signatories to the text.

This was taken as heavy handed arm-twisting. The association of small industries, which fears the cost of the new measures for firms already facing cash problems, has also reserved its position.

The rejection came on the same day as the Communist daily paper L'Humanite published a front-page article by a member of the party's politburo implicitly critical of the Government's nationalisation plans as insufficiently radical.

The two events point to the first major disagreement between the two parties since four Communist ministers joined the administration of Pierre Mauroy, the Prime Minister, when the parties signed a join policy declaration.

The article by M. Philippe Herzog in L'Humanite yesterday left little doubt that the Communists believe that there could be backtracking by the government on taking over all the interests of Cil-Honeywell-Bull, Rhone-Poulenc, and Roussel Uclaf. It said that the big capitalists were trying to hive off the microelectronics, fine chemical and veterinary product interests of these groups.

The article also claimed that the Paribas and Suez banking groups were trying to keep their foreign holdings and strategic industrial subsidiaries.

Financial markets

Continued from Page One

which led to a rapid covering of speculative positions.

Sir Geoffrey Howe, the Chancellor, held discussions in the Treasury on the financial position on his return from the Ottawa summit. The official line is still to keep a close watch on market development. Consequently, no immediate Government initiative is likely, unless there is a sudden market movement.

The official line does, however, involve regular smoothing intervention in the foreign exchange markets and sizeable operations in the money market to stabilise very short-term interest rates.

The Bank's money operations yesterday were again in the range of 12 to 12¼ per cent interest rates. This assistance has helped to keep down the cost of overnight money for the banks.

Nevertheless, one-week interbank rate rose ⅛ of a point to 13⅛ per cent, slightly below the day's peak. This is just about sufficient to allow profitable round-tripping by customers through borrowing on overdraft to redeposit at a profit. In the money markets. There are conflicting reports on the size of this activity. One-month and three-month rates also rose

The increase in UK money market rates also helped to boost sterling which had started to recover overnight. But the pound fell back slightly against the continental currencies and the trade-weighted index, measuring sterling's average value, rose only by 0.1 points to 91.8.

The European currencies were generally stronger against the dollar. This partly reflected a slight fall in Euro-dollar rates and was initially affected by reports of concerted central bank intervention.

This was not borne out in practice and the main support action seems to have come from the Bundesbank.

Nigerian oil exports way below target

BY MARK WEBSTER

NIGERIA'S oil exports have slumped to 900,000 barrels a day — less than half the target level—threatening acute economic problems for the country.

The Lagos government has, however, ruled out a price cut which could help increase sales, in spite of growing pressure on the balance of payments.

If oil exports do not increase, and the country's imports are not reduced, foreign exchange reserves could be down to barely one month of import cover by the end of this year, oil industry experts believe.

Nigerian imports cost more than Naira 1.2bn (£1bn) a month and there are no plans at present to impose controls. At the curent rate of oil production the country is running down its $8bn foreign exchange reserves at the rate of more than $1bn a month.

Before this month, falling oil output has not had a significant impact on foreign exchange reserves, but it is likely to make a major difference in the third quarter.

Nigeria has been hit harder than other African producers by the world surplus of crude oil.

Libya, Algeria and Nigeria together have ben forced to cut production by 2m b/d since the beginning of the year.

Nigeria exports fell from 2.0m b/d in January to 1.0m b/d in May and have slumped to an estimated 900,00 b/d this month.

The cuts are particularly painful for Nigeria since it depends on oil for more than 90 per cent of its export earnings.

It is the most populous country in black Africa, and the civilian Government of President Shehu Shagari relies almost entirely on oil revenues to fund its ambitious Naira 82bn five-year development plan.

Chief Theo Akinyele, the presidential budget adviser, said this week he did not believe Nigeria should take "panic measures" because of the shortfall in oil exports.

Foreign exchange reserves would protect the economy from any rapid contraction, he said, until the world oil market began to pick up later this year.

The Government borrowing requirement for the year was Naira 2.7bn (£2.2bn), he added. Naira 2bn of this would come from overseas borrowing and the remainder from the domestic banking system.

It is also likely that administrative delays could ensure that the budget is underspent.

However, two-thirds of Government revenue comes from the oil sector and falling exports are bound to worsen the budget deficit.

The Government will also have to find the money for a 25 per cent rise in the minimum wage, agreed last month, which will add an estimated Naira 1.5bn to the public sector wage bill this year.

Caught by oil glut, Page 3

Weather

UK TODAY

Cloudy with outbreaks of rain and some bright or sunny intervals.

London, SE, E, NE England, E Scotland, Shetland
Cloudy with outbreaks of rain, some heavy, rather cool. Max. 16C (61F).

Central S England, Midlands
Some heavy showers, bright intervals, cool. Max. 18C (64F).

SW and NW England, Wales, Isle of Man, West Scotland, Northern Ireland
Sunny intervals with occasional showers. Max. 16C (61F).

Outlook: Some rain in the North and East, otherwise dry with sunny periods. Becoming warmer.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	L. Ang.†	C	18	64
Algiers	F	29	84	Luxmbg.	C	17	63
Amsdm.	C	20	68	Luxor	S	39	102
Athens	F	28	82	Madrid	S	31	88
Bahrain		—	—	Majorca	S	27	81
Barclna.	F	25	77	Malaga	S	27	81
Beirut	F	29	84	Malta	S	26	79
Belfast	C	13	55	M'chstr.	C	13	55
Belgrd.	S	26	79	Melbne.	F	15	59
Berlin	F	22	72	Mx. C.†		—	—
Biarritz	C	18	64	Miami†	S	28	82
Bmghm.	C	18	64	Montrl.†		—	—
Blackpl.	F	15	59	Moscow	C	35	95
Bordx.	C	18	64	Munich	S	22	72
Boulgn.	R	15	59	Nairobi	C	18	64
Bristol	C	15	59	Naples	F	26	79
Brussels	F	19	66	Nassau		—	—
Budpst.	F	25	77	Nwcstl.	R	15	59
Cairo	S	31	88	N York†	S	23	73
Cardiff	R	15	59	Nice	F	23	73
Cas'b'ca	F	23	73	Nicosia		—	—
Cape T.		—	—	Oporto	S	21	70
Chicg.†	S	16	61	Oslo	F	23	73
Cologne	F	22	72	Paris	F	22	72
Cpnhgn.	F	20	68	Perth	C	10	50
Corfu	S	30	86	Prague	F	19	66
Denver†	S	19	66	Reykjvk.	F	12	54
Dublin	C	15	59	Rhodes	S	21	81
Dbrvnk.	S	26	79	Rio J'o†		—	—
Ednbgh.	R	12	54	Rome	S	25	77
Faro	S	26	79	Salzbrg.	F	23	73
Florence	S	27	81	S F'cisc†		—	—
Frankft.	C	19	66	S. Moritz		—	—
Funchal	S	23	73	Singapr.		—	—
Geneva	S	24	75	S'tiago†		—	—
Gibraltar	S	25	77	Stckhm.	C	17	63
Glasgow	R	14	57	Strasbg.	F	24	75
G'rnsey	F	15	59	Sydney	S	19	66
Helsinki	C	17	63	Tangier	S	26	79
H. Kong	C	27	81	Tel Aviv	S	28	82
Innsbrk.	S	21	70	Tenerife	S	28	82
Invrnss.	R	12	54	Tokyo	C	30	86
I.o.Man		—	—	T'ronto†	S	13	55
Istanbul	F	25	77	Tunis	S	32	90
Jersey		—	—	Valencia	S	28	82
Jo'burg		—	—	Venice	F	25	77
L. Plms.	S	26	79	Vienna	F	24	75
Lisbon	S	23	73	Warsaw	F	20	68
Locarno	C	23	73	Zurich	S	23	73
London	R	14	57				

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

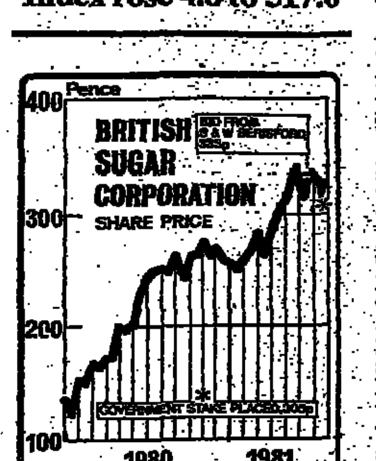
THE LEX COLUMN

A sprinkling of sugar shares

Ever since Mr Denis Healey's mercy dash in the autumn of 1976, the London financial markets have given a warm response to the sight of a Chancellor returning from an airport. Sir Geoffrey Howe's arrival from Ottawa yesterday co-incided with a firmer performance by the pound and a fierce bear squeeze in the gilt-edged market, where prices finished 1½ points higher at the long end.

The money market remains less happy from the authorities' point of view. At times in the last couple of weeks it has seemed that the central aim of their market policy was to keep one week money below 13 per cent, the level at which serious round-tripping can be expected to begin. Yesterday, although the Bank of England was again fudging hard, this crtical level was reached. But the clearing banks, two of which report results next week, are still grinning and bearing the pressure on their base rates.

Index rose 4.8 to 517.0



British Sugar

The placing of the Government's 24 per cent stake in British Sugar Corporation yesterday takes another £44m out of the equity market—the equivalent of the Hanson Trust rights issue—and removes, very belatedly, a millstone from around BSC's neck. Institutions which had sold their shares in S. and W. Berisford's June market raid at 335p were happy enough to get back in at 305p, and others were tempted in by the knowledge that Berisford had arranged to buy a twelfth of the shares on offer. This takes its holding up to 40 per cent and makes it look more predatory than ever.

The operation was not without its bizarre elements, such as the participation of Greenwell's, Berisford's stockbrokers, who last month were trying to shake institutions out of BSC shares and yesterday shook them back in again. Presumably their analysts believe BSC are a buy at 305p and a sell 30p higher up.

Greenwell's were present as a token of the "even-handedness" which has been the guiding light of the Government as it has muddled its way through this bitterly contested takeover. The same quality was illustrated by the offer of 2 per cent of the company to friends of British Sugar (the stock was placed with clients of Schroders, which already holds 4 per cent in its own name) to make up for Berisford's 2 per cent purchase. BSC is well rid of its indecisive official shareholder.

Ofrex

Once again the FT's infallible indicator of approaching takeover *bids* or *market raids* has come up trumps. Ofrex has registered twice in the last two weeks on that sensitive index, the chief price changes table—moving up in eight trading sessions from 90p to 122p yesterday when, not before time, the shares were suspended pending an announcement. The eagle-eyed inspectors at the Department of Trade must be glumly awaiting yet another insider referral from the Stock Exchange; there have been 16 so far and no prosecutions. Meanwhile, computer analysis of the indicator—two random scores or more for a pay-out—suggests that the crop for the last fortnight is now complete. Keen researchers should note that back copies of the FT are available at no premium.

Property

Law Land's defence document had to be something special to check the pace of defection to Churchbury Estates, the cheeky bidder which has already won the support of nearly 42 per cent of its shares. It turns out to be sound—if conventional—stuff, with an asset revaluation to 151p per share fully diluted, a profits and dividend forecast, and bags of knocking copy.

This may not be enough to change the mind of those institutional investors who have already signalled their view that Law Land needs a radical change of style. And there is no sign yet of any white knight. Even if a new bidder does materialise, the price is unlikely to be a long way above the present 129p per share.

The trouble is that there is an awful lot of goodwill in the bidder's share price—which stands over a fifth above asset worth—and there is going to be no shortage of Churchbury paper if this bid goes through. There is no immediate call for action by Law Land shareholders, but they might start thinking about a spot of profit taking.

Meanwhile British Land's directors estimate that the property values rose just 8 per cent last year. This is broadly in line with Land Securities' performance, but well below some other figures. British Land's big City office, Plantation House, has risen a fifth in value to £100m. But the recession has hit its industrial assets, 11 per cent of the portfolio, with estimated yields rising by about a point to 8½ per cent.

Morgan Crucible

The pound's slide against the dollar has apparently done little to quench the appetite of British companies for U.S. acquisitions. The latest to take the plunge is Morgan Crucible which is paying $35m for Hydrotex, a distributor of industrial lubricants.

Morgan is itself capitalised at only £57m, so Hydrotex will take some swallowing, particularly as the price represents more than three times net worth. If Morgan drew just on the banks, its net debt would rise to over 60 per cent of tangible shareholders funds, more than double the level in the last balance sheet.

It may well decide to call on its shareholders for help. At current dollar rates, the interest on $35m would exceed the latest Hydrotex pre-tax profits by around $1m. Even sterling borrowings would leave Morgan with little margin for error.

Morgan's recent acquisitions, including Franklin in the U.S., have not proved overnight successes and after a rights issue shareholders could be faced with some dilution over the short term. But Hydrotex dovetails neatly with Morgan's existing lubricant businesses and has a solid record. Pre-tax margins have held over 20 per cent for the past three years and, even though Hydrotex has continually been drained of cash by its loss-making parent, Pioneer Texas, profits have shown a steady increase.

And with some of Morgan's businesses caught in contracting markets, the lubricants division seems to offer the best prospects for growth.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.